

2000
Household Employer's
G U I D E



HOUSEHOLD EMPLOYER'S GUIDE

PAYROLL TAX RATES FOR THE YEAR 2000

UNEMPLOYMENT INSURANCE (UI)

The UI taxable wage limit for 2000 is \$7,000. Maximum weekly benefit award is \$230. Please refer to page 56 for additional information.

STATE DISABILITY INSURANCE (SDI)

The two SDI tax rates for the calendar year 2000 are:

<u>Wages Paid</u>	<u>Withholding Rate</u>
January 1 – March 31	0.5% (.005)
April 1 – December 31	0.7% (.007)

The SDI taxable wage limit for 2000 is \$46,327. The maximum weekly benefit award increased to \$490. Please refer to page 59 for additional information.

CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHOLDING

If your household employee wishes to have California PIT withheld from his/her wages AND you agree to withhold the tax, then you must report and pay the withholding to EDD. Please refer to page 15 for additional information.

NOTE: UI, ETT, and SDI rate information is available on EDD's 24-hour Automated Call System by calling (916) 653-7795.

IMPORTANT INFORMATION

TELEFILE: An Interactive Voice Recognition system designed especially for household employers with a small number of employees. For additional information see page 21.

VALUE OF MEALS AND LODGING TABLE: Please see page 13.

EASY ACCESS TO PAYROLL TAX HELP AND FORMS: The following lists the various ways you can obtain payroll tax forms and assistance from Tax Branch:

TELEPHONE: Customer service representatives are available from 7:30 a.m. to 5:30 p.m. to answer your questions. You can reach a representative by calling the your nearest Employment Tax Customer Service Office (see directory on page 1).

WALK-IN: You can pick up the most requested forms, instructions and publications at our offices listed on page 1. At the Taxpayer Service Centers and Employment Tax Customer Service Offices (ETCSO) you can also get in-person assistance.

PERSONAL COMPUTER: Access EDD's Internet Web Site (www.edd.ca.gov) to do the following:

- Download forms, instructions, and publications
- See answers to frequently asked questions
- Obtain information on upcoming payroll tax seminars
- See information and services provided by EDD
- Send comments or questions to EDD via e-mail

**EMPLOYMENT
TAX CUSTOMER
SERVICE OFFICES
(ETCSOs)**

The ETCSOs are located throughout California to provide services to the employer community at the local level. Normal EDD workdays are Monday through Friday. ETCSO Staff are available to accept telephone calls on normal workdays from 7:30 a.m. until 5:30 p.m. Pacific standard time. During the last two weeks of January, April, July, and October, calls are accepted from 7 a.m. until 6 p.m. Pacific standard time. When you call, an automated system will provide a menu of services. EDD offices are closed on State holidays.

You may contact or visit your local ETCSO for advice regarding your responsibilities as an employer related to the taxes for Unemployment Insurance, Employment Training, State Disability Insurance, and California Personal Income Tax withholding. We can also assist you with forms and the filing of required reports. In addition, **Payroll Tax Seminars are provided** on an as needed basis to help you understand your rights and responsibilities as an employer.

Hearing-impaired persons can reach EDD by calling (800) 547-9565.

OUT-OF-STATE EMPLOYERS:

Sacramento.....3321 Power Inn Road, Suite 220, 95826-6110(916) 464-3502.....Fax: (916) 464-3504

IN-STATE EMPLOYERS

EDD and the Franchise Tax Board offer in-person one-stop tax service at the following Taxpayer Service Center locations:

City	Address	Telephone	FAX
Bakersfield*	1800 30th Street, Suite 390, 93301-1935.....	(661) 395-2896	Fax: (661) 395-2563
Long Beach.....	4300 Long Beach Boulevard, Suite 700A, 90807.....	(562) 428-0021	Fax: (562) 422-6698
Sacramento*	3321 Power Inn Road, Suite 220, 95826-6110	(916) 464-3502	Fax: (916) 464-3504
San Bernardino.....	464 West Fourth Street, 4th Floor, 92401	(909) 383-4176	Fax: (909) 383-7900
Stockton*	31 East Channel Street, Room 219A, 95202-2314	(209) 956-1438	Fax: (209) 948-3633
Ventura*	4820 McGrath Street, Suite 250, 93003	(805) 654-4506	Fax: (805) 677-2790

*Board of Equalization also available at this location.

EDD also provides personal employment tax service at the following ETCSOs:

Downey.....	8280 Florence Avenue, 90240-3955	(562) 923-1237	Fax: (562) 904-2843
Escondido	240 West 2nd Avenue, 92025	(760) 737-2200	Fax: (760) 737-2228
Eureka.....	409 "K" Street, Suite 202, 95501.....	(707) 445-6522	Fax: (707) 441-5738
Fresno.....	1050 "O" Street, 93721-2110	(559) 445-5132	Fax: (559) 445-5151
Laguna Hills	23151 Plaza Pointe Drive, Suite 140, 92653-1425.....	(949) 768-6102	Fax: (949) 855-5147
Monterey	1900 Garden Road, Suite 160, 93940.....	(831) 649-2902	Fax: (408) 655-8938
Oakland.....	7700 Edgewater Drive, Suite 100, 94621-3017.....	(510) 577-2396	Fax: (510) 577-7591
Orange	1855 West Katella Avenue, Suite 100, 92667-3440	(714) 288-2601	Fax: (714) 288-2634
San Diego	3110 Camino Del Rio South, Suite 100, 92108-3830.....	(619) 516-1920	Fax: (619) 516-1930
San Francisco.....	1825 Sacramento Street, Suite 401, 94109	(415) 929-5700	Fax: (415) 929-5746
San Jose	904 Ruff Drive, 2nd Floor, 95110	(408) 277-9400	Fax: (408) 277-9453
Santa Monica	914 Broadway, 90401.....	(310) 576-6400	Fax: (310) 395-6597
Santa Rosa	50 "D" Street, Room 415, 95404-4762	(707) 576-2094	Fax: (707) 576-2601
Van Nuys	6150 Van Nuys Boulevard, Room 210, 91401-3384	(818) 901-5208	Fax: (818) 901-5605
Visalia	3311 South Fairway Street, 93277-7777	(559) 635-3220	Fax: (559) 635-3235

At the following, Employment Tax Service Points, customers will find self-service racks with tax forms, a mail drop, and a direct-line telephone to Tax Branch customer service representatives:

Capitola.....	2045 40th Avenue, Suite A, 95010	(831) 464-6293
Chico.....	240 West 7 th Street, 95928	(530) 895-4401
El Centro	1550 Westmain Street, 92244-3187	(760) 353-4990
El Monte.....	9537 Telstar Avenue, Suite 115, 91731-2907	(562) 923-1237
Los Angeles	4021 Rosewood Avenue, Suite 301, 90004-2932	(323) 669-7670
Marysville	1204 "E" Street, 95901	(530) 741-4020
Modesto	3340 Tully Road, Suite E-10, 95350-0851	(209) 576-6205
Pleasant Hill	3478 Buskirk Avenue, Suite 215, 94523-4345	(925) 977-8265
Redding.....	1325 Pine Street, 96001-2002	(530) 225-2205
Riverside	1180 Palmyrita Avenue, Suite B, 92507	(909) 383-4176
San Luis Obispo.....	3220 South Higuera Street, Suite 102, 93401-6959.....	(805) 549-3512
San Mateo.....	951 Mariner's Island Boulevard, Suite 310, 94404	(650) 358-4102
Vallejo.....	421 Tennessee Street, Room 2, 94590	(707) 648-4040

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WHEN YOU MUST REGISTER AS AN EMPLOYER

You must register with the Employment Development Department (EDD) as an employer for California payroll tax purposes when you have paid cash wages of \$750 or more in one calendar quarter to individuals who work as your employees in or around your home.

- **If** you pay cash wages totaling at least \$750 but less than \$1,000 in a calendar quarter, you are required to withhold State Disability Insurance (SDI) from your employee wages and send the payments to EDD. If your cash wages drop below \$750 in a calendar quarter, see page 33 (Annual Taxpayers) or page 44 (Quarterly Taxpayers) for reporting instructions.
- **If** you pay cash wages totaling \$1,000 or more in a calendar quarter, you are required to send payments for Unemployment Insurance (UI), Employment Training Tax (ETT), and SDI to EDD. If your cash wages drop below \$1,000 in a calendar quarter, see page 31 (Annual Taxpayers) or page 46 (Quarterly Taxpayers) for reporting instructions.
- **You** are required to report employee wages subject to California Personal Income Tax (PIT) but you are not required to withhold PIT unless you and your employees agree that you will withhold PIT. See page 15 for additional information regarding PIT withholding.

The calendar quarters in a year are defined as:

QUARTER

1st quarter
2nd quarter
3rd quarter
4th quarter

MONTHS OF THE QUARTER

January, February, March
April, May, June
July, August, September
October, November, December

Cash wages include both checks and currency. For a complete definition of wages, please see "What Are Wages?" on page 13.

Your home may be defined as:

- a house
- an apartment
- a mobile home or boat
- a summer or winter home
- a condominium
- a local college club
- a local chapter of a college fraternity or sorority
- a hotel room (when the worker is employed by you, not the hotel)

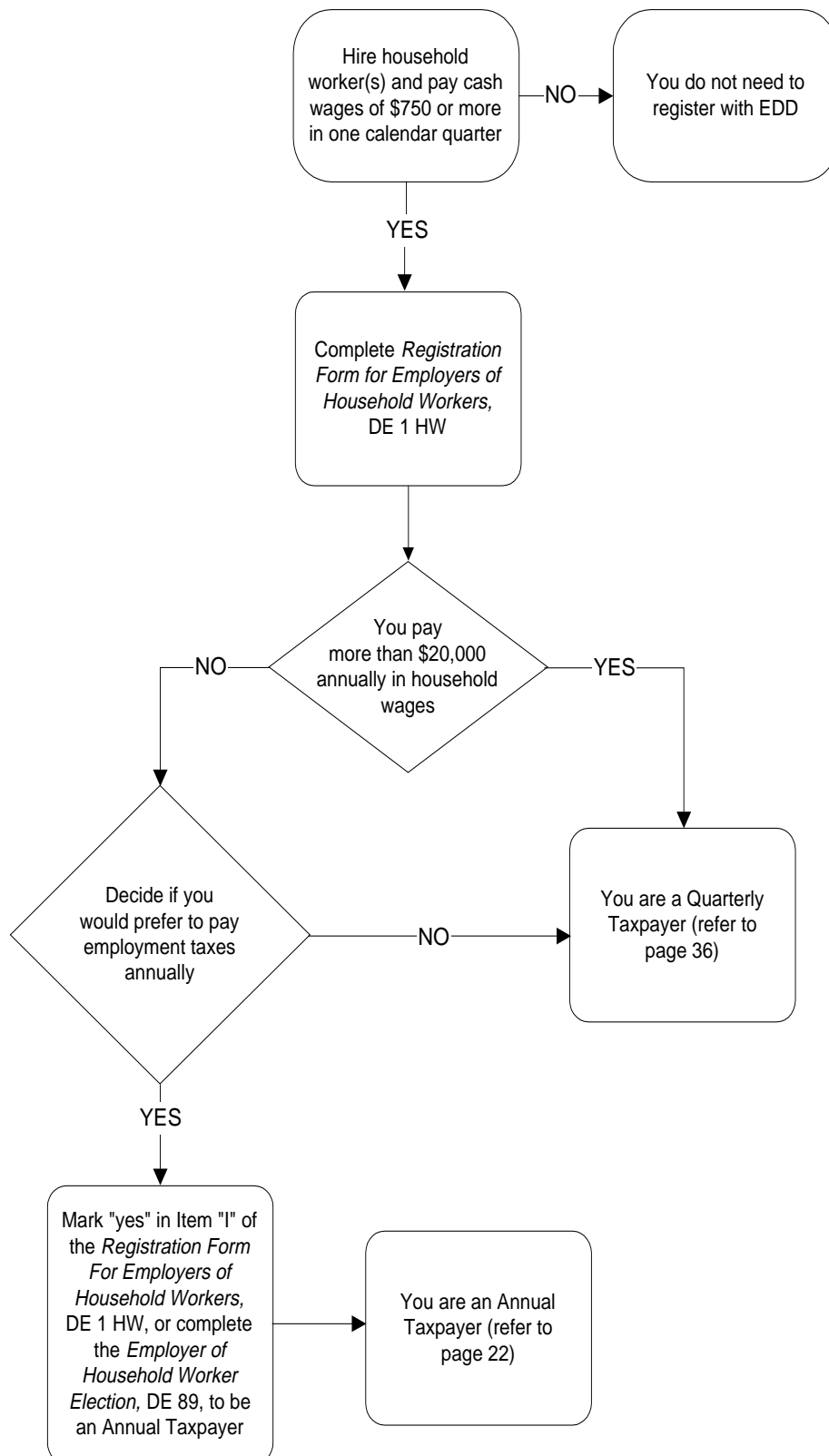
A guideline of who should be considered household employees can be found on page 7.

The following examples will help you decide when you must register with EDD and begin reporting employee wages and withholdings and pay payroll taxes:

- You pay \$700 in cash wages in a calendar quarter and provide meals and lodging valued at \$149. The value of meals and lodging is not considered in reaching the \$750 cash wage limit for SDI. You would not be required to register, withhold, or pay any payroll taxes.
- You pay \$750 in cash wages in a calendar quarter and provide meals valued at \$75. You must report employee wages and pay SDI tax on the entire \$825. The wages are only subject to SDI because the UI and ETT cash wage limit of \$1,000 in a quarter has not been met.
- You pay \$900 in cash wages in a calendar quarter and provide meals and lodging valued at \$99. The SDI tax is paid on the entire \$999. You would not be liable for UI and ETT taxes because the \$1,000 cash wage limit has not been met.
- You pay \$900 in cash wages in a calendar quarter. Later in the quarter, you hire another employee to whom you pay \$100. You have now met the \$1,000 cash wage limit and must register, report employee wages, and pay UI and ETT taxes, along with the SDI taxes, on the entire \$1,000.
- You pay \$1,000 in cash wages in a calendar quarter and provide meals and lodging valued at \$100. You must register, report employee wages, and pay UI and ETT taxes, along with the SDI taxes, on the entire \$1,100.

If you are uncertain about whether or not the people who work for you are household employees, please contact your nearest Employment Tax Customer Service Office (ETCSO). (See directory on page 1.)

HOUSEHOLD EMPLOYER REGISTRATION (Flowchart)



WHO ARE HOUSEHOLD EMPLOYEES?

THESE ARE HOUSEHOLD EMPLOYEES*	THESE ARE NOT HOUSEHOLD EMPLOYEES
<ul style="list-style-type: none"> - Babysitters - Butlers - Caretakers - Chauffeurs - Cooks - Crews of Private Yachts - Furnacepersons - Gardeners - Governess/Governors - Handyperson - Home Health Care Workers - Housekeepers - Janitors - Laundry Workers - Maids - Pilots of Private Airplanes for Family Use - Valets - Waiters/Waitresses 	<ul style="list-style-type: none"> - Carpenters - Electricians - Librarians - Musicians - Nursing Registry - Employee Leasing Service - Painters - Plumbers - Private Secretaries - Tutors - Your Child (under 18 years old)** - Your Parent** - Your Spouse** - Household services provided by independent businesses (for example: a janitorial service, catering service, or gardening service)

* This list is **NOT** intended to be a complete list of household employees. If you are uncertain about whether or not the people who work for you are household employees, please contact your nearest ETC SO (see directory on page 1).

**Under certain conditions, your child (under 18 years old), parent, or spouse is an employee. Please contact your nearest ETC SO (see directory on page 1) for help in making this determination.

HOW TO REGISTER AS AN EMPLOYER

To register as a household employer with the Department, use one of the following three methods:

Mail your completed DE 1 HW to:

Employment Development Department
Account Services Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001

OR

TELE-REG service: (916) 654-8706

You will receive your employer account number immediately. You must also mail a completed DE 1 HW to EDD for our files.

OR

Fax the DE 1 HW to: (916) 654-9211

You must also mail a completed DE 1 HW to EDD for our files.

To obtain a copy of a *Registration Form for Employers of Household Workers* (DE 1HW) please:

- Call or visit your local ETC SO (see directory on page 1)
- Call Account Services Group at (916) 654-8706
- Download the DE 1 HW from EDD's internet website at: www.edd.ca.gov.

You will be issued an eight-digit employer account number (example 000-0000-0). This number will be on all preprinted forms sent to you. Please use this number when you write to EDD. Our staff will be able to serve you better if you have your account number ready when you call or visit our offices.

A completed sample form and instructions begin on the following page.

Following is a completed sample form and instructions for completing the form:



This form will be the basic record of your ACCOUNT. DO NOT FILE THIS FORM UNTIL YOU HAVE PAID WAGES OF \$750. Please read the INSTRUCTIONS below before completing this form. PLEASE PRINT OR TYPE. Return this form to: If you are an agency providing household workers for clients, you must file a Registration Form for Commercial Employers (DE 1).

QUESTIONS: (916) 654-7041
EMPLOYMENT DEVELOPMENT DEPARTMENT
TAX STATUS & EXAM GROUP, MIC 28
P.O. BOX 826880
SACRAMENTO CA 94280-0001
(916) 654-7041

REGISTRATION FORM FOR EMPLOYERS OF HOUSEHOLD WORKERS

DEPARTMENT OF REVENUE	ACCOUNT NUMBER										QUARTER	ETCSO	FED CODE	05	ON-LINE PROCESS DATE	TAS CODE											
A. EMPLOYER NAME(S)										SOCIAL SECURITY NUMBER				DRIVER'S LICENSE NUMBER													
IMA HOMEMAKER										123-45-6789				Z1234567													
B. MAILING ADDRESS P.O. Box or Street and Number P. O. BOX 12345										CITY OR TOWN ANYTOWN		STATE CA		ZIP CODE 12345		BUSINESS PHONE (123) 456-7890											
IN CARE OF: NONE										C. EMPLOYEE WORK SITE ADDRESS 123 Myhouse Street, Anytown				COUNTY CARE													
D. TYPE OF ORGANIZATION										INDIVIDUAL <input checked="" type="checkbox"/>			HUS/WIFE <input type="checkbox"/>			CORPORATION <input type="checkbox"/>			OTHER <input type="checkbox"/>			Federal I.D. Number					
E. INDICATE QUARTER AND YEAR IN WHICH YOU FIRST PAID \$750 BUT NOT MORE THAN \$999 IN CASH WAGES:										<input checked="" type="checkbox"/> Jan-Mar 1998			<input type="checkbox"/> Apr-June 19			<input type="checkbox"/> July-Sept 19			<input type="checkbox"/> Oct-Dec 19			<input type="checkbox"/> NONE			Number of Employees 1		
F. INDICATE QUARTER AND YEAR IN WHICH YOU FIRST PAID \$1,000 OR MORE IN CASH WAGES:										<input type="checkbox"/> Jan-Mar 19			<input type="checkbox"/> Apr-June 19			<input checked="" type="checkbox"/> July-Sept 1998			<input type="checkbox"/> Oct-Dec 19			<input type="checkbox"/> NONE			Number of Employees 1		
G. WILL YOU WITHHOLD PERSONAL INCOME TAX FROM ANY EMPLOYEE WAGES? <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES																											
H. HAVE YOU EVER BEEN REGISTERED WITH THIS DEPARTMENT?										IF YES, ENTER EMPLOYER ACCOUNT NUMBER BUSINESS NAME AND ADDRESS																	
<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES																											
I. DO YOU ELECT TO PAY CALIFORNIA EMPLOYMENT TAXES ON AN ANNUAL BASIS? <input type="checkbox"/> NO <input checked="" type="checkbox"/> YES SEE INSTRUCTIONS FOR MORE INFORMATION.																											
M. DECLARATION These Statements are hereby declared to be correct to the best knowledge and belief of the undersigned.																											
Signature <u>Ima Homemaker</u> Date <u>8-15-98</u> Residence Phone <u>(123) 456-7890</u>																											
Title <u>Owner</u> Residence Address <u>123 Myhouse Street, Anytown, CA 12345</u>																											
(Owner, Partner, Officer, etc.) Street City State ZIP Code																											

INSTRUCTIONS FOR *REGISTRATION FORM FOR EMPLOYERS OF HOUSEHOLD WORKERS* (DE 1 HW)

You must fill out the DE 1 HW to register with EDD. Household employers must register with EDD **within 15 days of paying workers cash wages totaling \$750** or more in any calendar quarter. Complete all sections as follows:

- A. Enter full name, Social Security Number, and driver's license number of the employer(s) of the household worker(s).
- B. Enter the address where EDD correspondence and forms should be sent.
- C. Enter the address where household worker(s) performs duties, if different than mailing address. Enter name of the county where work is performed.
- D. Check the appropriate box (if other, please specify). Enter federal identification number(s). If not assigned, enter "applied for."
- E. Check the appropriate box to indicate when you first paid **\$750** but not more than **\$999.99** in cash wages or check "none". Enter the total number of household employees.
- F. Check the appropriate box to indicate when you first paid **\$1000** or more in cash wages, or check "none". Enter the total number of household employees.
- G. Check the appropriate box.
- H. Check the "NO" or "YES" box and provide additional information for "yes" answers.
- I. You may elect to pay California payroll taxes on an annual basis if you will pay **\$20,000** or less in wages per year.
- J. This declaration must be signed by one of the persons listed in Item A.

We will notify you of your EDD account number by mail.

- NOTE:**
- 1. If you called the TELE-REG Service and received an account number, please enter that account number in the appropriate area above box "A".
 - 2. If you have questions about registering as a household employer, please contact your nearest ETC SO (see directory on page 1).

WHAT PAYROLL RECORDS MUST BE KEPT?

Employers are required to keep payroll records for at least four years. Your records must provide a true and accurate account of all workers (employed, laid off, on a leave of absence, and independent contractor) and all payments made. Each employee's payroll record must show:

1. Worker's full name (first, middle initial, and last name)
2. Worker's Social Security Number
3. Date hired, rehired, or returned to work after a temporary layoff
4. Last date services were performed
5. Pay Period
6. Place of work
7. Wages paid. Show each of the following items separately:
 - **Cash Wages**
 - **Non-cash Wages:** like meals and lodging (use the Values of Meals and Lodging Tables on page 13).
 - **Personal Income Tax (PIT) Wages:** defined as wages subject to state income taxes, even if you do not withhold PIT from your employee's wages. For additional information regarding PIT wages, refer to *Information Sheet, Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 231PH). To order a DE 231PH, or if you have questions regarding the wages and PIT withholdings for your employee(s), please contact your nearest ETC SO (see directory on page 1).
 - **Employee Taxes:** Federal Social Security and Medicare, State Disability Insurance, and California Personal Income Tax.

You may use any payroll record that provides the information listed above. A sample Employee Earnings Record is provided on page 12.

If you believe that you are **not** a subject employer or your employees are exempt, you are required to maintain records of payments made to people who provide household services for at least eight years in case of a payroll tax audit.

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EMPLOYEE EARNINGS RECORD

Employee's Name: _____ Date Hired/Rehired/
Returned to Work from
Layoff: _____

Social Security Number: _____ Last Date Services
were Performed: _____

For Year Ending: _____

				WITHHOLDINGS				
Pay Period	Cash Wages Earned	Non-cash Wages Earned	Total Wages Earned (Cash + Non-Cash Wages)	State Disability Insurance	Personal Income Tax (Optional)	Social Security	Medicare	Net Wages (Total Wages - Withholdings)
Year Totals								

Employer's Name: _____

Reason for Separation: _____

Address: _____

WHAT ARE WAGES?

Wages are payments made to employees for personal services. Wages include checks, currency and non-cash payments. Wages include money, food, lodging, or other goods and services provided to an employee as payment for personal services.

Whether the employment is full-time, part-time, casual, or temporary, employment does not change the taxability of wages paid to employees. How the employee is paid does not change the employer's responsibility for payroll taxes.

VALUES OF MEALS AND LODGING:

Meals and/or lodging provided to an employee is considered a form of wages. If you are withholding Personal Income Tax (PIT) from your employee's wages, please refer to page 15 to determine how to tax meals and lodging for PIT.

Statutory Values of Meals Table:

Year	3 Meals per day	Breakfast	Lunch	Dinner	Meal Not Unidentified
1996	\$ 6.90	\$ 1.50	\$ 2.10	\$ 3.30	\$ 2.40
1997	\$ 7.10	\$ 1.55	\$ 2.15	\$ 3.40	\$ 2.45
1998	\$ 7.35	\$ 1.60	\$ 2.25	\$ 3.50	\$ 2.55
1999	\$ 7.55	\$ 1.65	\$ 2.30	\$ 3.60	\$ 2.65
2000	\$ 7.75	\$ 1.70	\$ 2.35	\$ 3.70	\$ 2.70

Statutory Values of Lodging Table - With Maximum and Minimum Ranges

Multiply the amount you could rent the property for (ordinary rental value) by 66 2/3%. Ordinary rental value may be calculated on a monthly or weekly basis as follows:

Year	Maximum Per Month	Minimum Per Week
1996	\$ 662	\$ 21.45
1997	\$ 666	\$ 21.60
1998	\$ 681	\$ 22.10
1999	\$ 705	\$ 22.90
2000	\$ 742	\$ 24.05

If your employees are covered under a contract of employment or union agreement, the taxable value of meals and lodging should not be less than the estimated value stated in that document. If the cash value is not stated in the employment or union agreement, please use the tables above to determine the value of the meals and/or lodging you provide to your employees.

If you need assistance, please contact your nearest ETC SO (see directory on page 1).

WHAT ARE PAYROLL TAXES?

PAYROLL TAX CHART FOR 2000				
PAYROLL TAX	WHO PAYS	TAXABLE WAGES	TAX RATES	MAXIMUM TAX
UNEMPLOYMENT INSURANCE (UI)	Employer	Tax calculated on the first \$7,000 of wages per employee, per year	New employers pay at a rate of 3.4% (.034) of UI taxable wages the first three tax years. After this period, changes in the rate each year are based on an employer's UI experience. Each December EDD notifies employers of their tax rates for the upcoming year.	\$378 per employee, per year (calculated at the highest UI tax rate of 5.4% [.054]). Your maximum UI tax amount may be less, depending on the rate assigned to your account number.
EMPLOYMENT TRAINING TAX (ETT)	Employer	Tax calculated on the first \$7,000 of wages per employee, per year	Set by statute at 0.1% (.001) of UI taxable wages	\$7 per employee, per year
STATE DISABILITY INSURANCE (SDI)	Employee (Employer withholds SDI taxes from employee wages; employers are responsible for SDI taxes not withheld from employee wages. If the employer pays SDI taxes for employee(s), contact your nearest ETC SO [see directory on page 1] for instructions.)	Tax calculated on the first \$46,327 of wages per employee, per year	There are two SDI tax rates for the calendar year 2000. For wages paid from January 1 through March 31, the tax rate is 0.5% (.005). For wages paid from April 1 through December 31, the tax rate is 0.7% (.007).	\$324.29 per employee
PERSONAL INCOME TAX (PIT)	Employee (Household employers are not required to withhold PIT from employee wages unless both the employer and employee agree to withhold the tax.) However the employee is still responsible for reporting and paying the PIT due to the State Franchise Tax Board.	Please order the <i>California Employer's Guide</i> (DE 44) by contacting your nearest ETC SO and refer to the PIT withholding tables. You can also access the DE 44 from EDD's Web site at: www.edd.ca.gov	California PIT is calculated on all cash and noncash wages. PIT is withheld based on the employee's W-4 or DE 4	No maximum

WITHHOLDING CALIFORNIA PERSONAL INCOME TAX (PIT)

If your employee wishes to have PIT withheld from his/her wages **AND** you agree to withhold the amounts, then you also need to report and pay the PIT withholding to EDD. The PIT withholding may also apply to the cash value of meals and lodging. When the value of meals and lodging is considered wages to your employees, the amounts must be added to the cash wages paid to your workers before computing the amount of PIT to withhold. Please see Value of Meals and Lodging Tables on page 13 to determine the cash value of these items. However, meals and lodging are excluded from PIT taxes if you give meals and lodging to your employee(s) because it is convenient for you and the:

- meals are furnished on the employer's premises

AND/OR

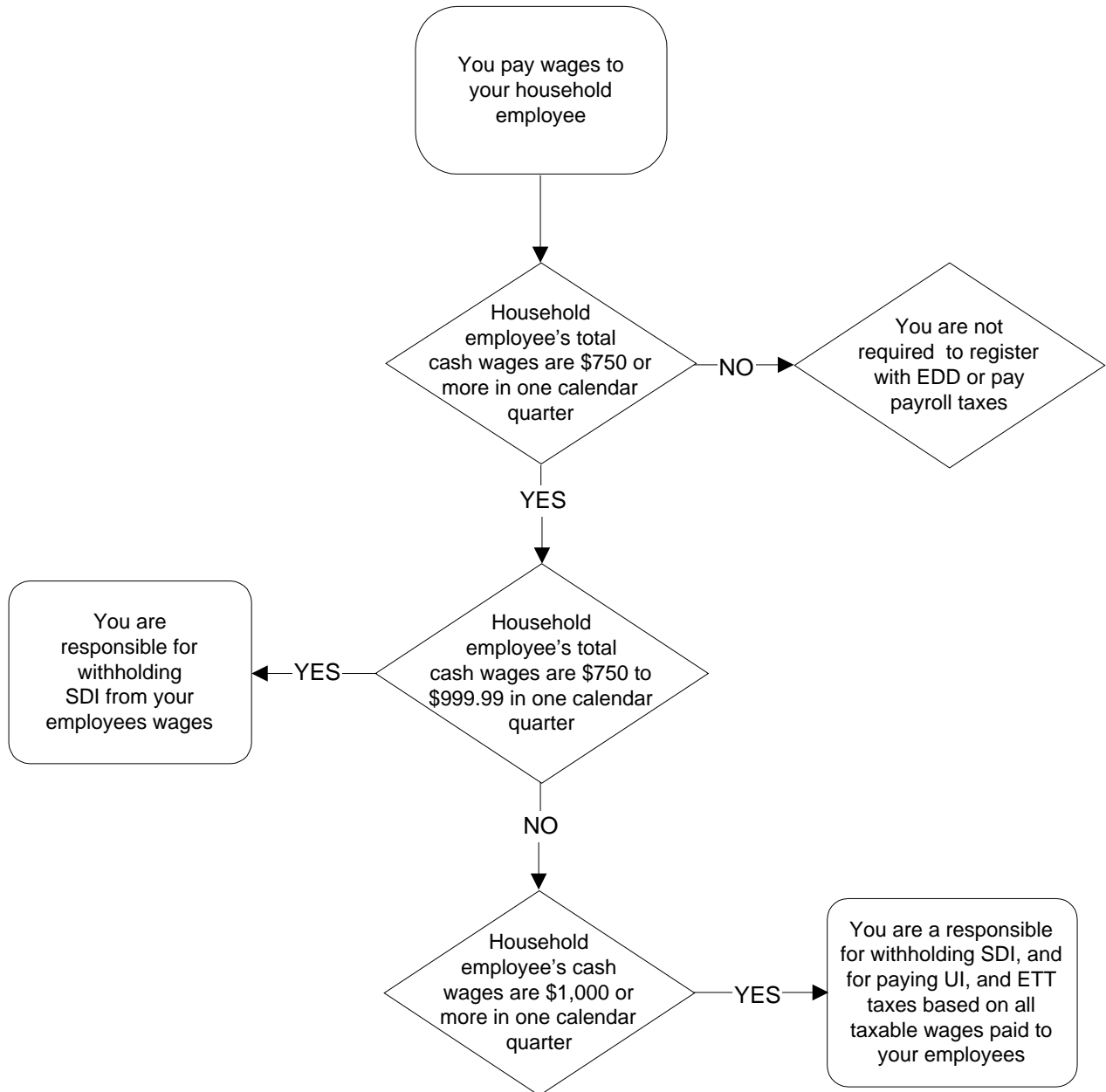
- lodging is furnished on the employer's premises and required as a condition of employment

Example: A governess who eats and lives in your home so she can take care of your children, would not have PIT withheld for the value of the meals and lodging because the meals and lodging are furnished for your convenience.

To have California PIT withheld, your employee must complete a Federal Employee's Withholding Allowance Certificate (W-4) and/or a California Employee's Withholding Allowance Certificate (DE 4). Please send PIT withholdings to EDD with your other payroll taxes. The PIT withholding tables are in the California Employer's Guide (DE 44). You can order a DE 44 from your nearest ETCSO (see directory on page 1) or access it from EDD's Web site at: www.edd.ca.gov.

NOTE: Employers must include the value of meals and lodging when calculating tax payments for UI, ETT, and SDI (see Value of Meals and Lodging on page 13).

PAYROLL TAXES (Flowchart)



TYPES OF HOUSEHOLD EMPLOYERS FOR REPORTING PURPOSES

The following table explains the two types of household employers and the requirements for filing payroll tax reports and making tax payments:

TYPE	ANNUAL WAGE THRESHOLD	FORMS USED
<p><u>Annual Taxpayer:</u> Reports wages quarterly and pays taxes annually</p> <p>Please refer to page 22</p>	<p>Pays household wages of \$20,000 or <u>less</u> annually and elects to be an annual taxpayer</p>	<p><i>Registration Form for Employers of Household Workers (DE 1HW)</i></p> <p><i>Employer of Household Worker Election (DE 89)</i></p> <p><u>Each Quarter:</u> <i>Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3B HW)</i></p> <p><u>Each Year:</u> <i>Annual Payroll Tax Return for Employer of Household Workers (DE 3HW)</i></p>
<p><u>Quarterly Taxpayer:</u> Reports wages and pays taxes quarterly</p> <p>Please refer to page 36</p>	<p>Pays household wages that exceed \$20,000 annually</p> <p style="text-align: center;">OR</p> <p>Pays household wages of \$20,000 or less and does not elect to be an annual taxpayer</p>	<p><i>Registration Form for Employers of Household Workers (DE 1HW)</i></p> <p><u>Each Quarter:</u> <i>Payroll Tax Deposit (DE 88)</i></p> <p><i>Quarterly Wage and Withholding Report (DE 6)</i></p> <p><u>Each Year:</u> <i>Annual Reconciliation Statement (DE 7)</i></p>

CALIFORNIA NEW EMPLOYEE REGISTRY

All employers are required to report new employees to the New Employee Registry (NER) Program. Within 20 days of the start-of-work date, **all employees** newly hired, rehired, or returning to work from a furlough, separation, leave of absence without pay, or termination must be reported. The Program's requirements include:

CALIFORNIA NEW EMPLOYEE REGISTRY REQUIREMENTS	
Who must report	All employers
Report frequency	Within 20 days of start-of-work date
Reporting exemptions	None
Employee information to report	<ul style="list-style-type: none"> • Employee's first name and middle initial • Employee's last name • Employee's social security number • Employee's home address • Employee's start-of-work date
Employer information to report	<ul style="list-style-type: none"> • Employer's name • Employer's address • Employer's EDD account number • Employer's federal ID number

The EDD designed the Report of New Employee(s) (DE 34), for employers to report new hire information. Employers may choose to send a copy of the IRS Form *Employee(s) Withholding Allowance Certificate* (W-4) or their own report form in lieu of the DE 34 if all of the above information is provided. To obtain a DE 34, please contact the nearest ETC SO (see directory on page 1) or download the DE 34 from EDD's Internet website at: www.edd.ca.gov

NOTE: If you use a DE 34 to report new employees, and complete the form using a typewriter or printer, ignore the boxes on the form and type in UPPER CASE as shown on the back of the form. Do not use dashes or slashes. If you must hand print this form, write each letter or number in a separate box as shown on the back of the form.

Fax your DE 34 to EDD at (916) 255-0951 or mail your form to:

Employment Development Department
Information Management Group, MIC 23
P.O. Box 997016
West Sacramento, CA 95799-7016

A prerecorded telephone message has been provided to answer common NER questions and may be reached by calling (916) 657-0529. At the end of the message, you may wait on the telephone to speak to the next available customer service representative or you may leave your name and telephone number and your call will be returned by the next business day.

The NER Program assists California's Department of Social Services and Department of Justice in the collection of delinquent child support obligations. California employers are required to report the start-of-work date for each newly hired employee so that the NER data can be matched to EDD's benefit payment file. This will result in the early detection and prevention of UI fraud.

A completed sample DE 34 is on page 20.

HOUSEHOLD EMPLOYER'S GUIDE



Serving the People of California

REPORT OF NEW EMPLOYEE(S)

See detailed instructions on page 2. Please type or print.
NOTE: Report new employees within 20 days of start of work.



00340198

DATE	CA EMPLOYER ACCOUNT NO.	BRANCH CODE	FEDERAL ID NO.
033100	12345678		123456789
BUSINESS NAME		CONTACT PERSON	TELEPHONE NO.
HOUSEHOLD EMPLOYER		JANE BROWN	(916) 123-4567
ADDRESS	STREET	CITY	STATE ZIP
123 MAIN STREET, ANYTOWN, CA 12345-0001			
EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	
CINDY		S JONES	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
234567890	1223	BROADWAY	
CITY		STATE ZIP	START-OF-WORK DATE
ANYTOWN		CA 12345	031500
EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
CITY		STATE ZIP	START-OF-WORK DATE
EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
CITY		STATE ZIP	START-OF-WORK DATE
EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
CITY		STATE ZIP	START-OF-WORK DATE
EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
CITY		STATE ZIP	START-OF-WORK DATE
EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
CITY		STATE ZIP	START-OF-WORK DATE

DE 34 Rev. 3 (1-98)

MAIL TO: Employment Development Department / P.O. Box 997016 / West Sacramento, CA 95799-7016

TELEFILE

Telefile is an Interactive Voice Recognition system designed especially for employers with a small number of employees. Employers who elect to register with Telefile can use their phone to electronically file reports with EDD. Employers can also pay their payroll taxes through the Electronic Funds Transfer (EFT) option of the Telefile system. EFT eliminates the mailing of a DE 88 coupon and check for payment of taxes due.

How Telefile works:

Use a touch-tone telephone for the fastest, easiest method to access the Telefile system. Two numbers on the keypad are pressed for each letter of an employee's name. Previously reported employees' names do not have to be reentered when you file your quarterly wage and withholding report – only verify or delete when you are prompted by the system. Rotary dial telephone users, or customers who do not want to use the touch-tone method, can use Telefile by selecting the Voice Recognition option from the Telefile Main Menu. This method requires the caller to speak a number or number combinations when prompted by the system.

Reports that can be filed:

Annual Taxpayers

- *Annual Payroll Tax Return for Employer of Household Workers* (DE 3HW) (Electronic Funds Transfer [EFT] required)
- *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3B HW)

Quarterly Taxpayers

- *Payroll Tax Deposit* (DE 88) coupon (EFT required)
- *Quarterly Wage and Withholding Report* (DE 6)

Telefile system features:

- Available 24 hours a day, 7 days a week
- Quickly updates your account
- Eliminates mailing reports
- Reports may be filed for the current and five previous quarters
- Supplemental reports may be filed for the current and five previous quarters
- Calculations are performed and amounts verified by the Telefile System

Register for Telefile:

To find out more about Telefile or to obtain a temporary Personal Identification Number to register on-line using your telephone, call Telefile Customer Service, Monday through Friday, 8 a.m. to 5 p.m. at (800)-796-3524. Please have your 8-digit EDD employer account number ready when you call EDD. You may also contact Telefile Customer Service through E-Mail at ecom@edd.ca.gov

To obtain information about EDD's EFT program and how to register for EFT filing, please call the EFT Helpline at (916) 654-9130.

ANNUAL TAXPAYERS

OVERVIEW

Household employers who pay \$20,000 or less in one calendar year, may elect to make one yearly payment for all California payroll taxes. Employee's wages and PIT withholdings must still be reported quarterly. If an election is not made to become an annual taxpayer, you are a quarterly taxpayer even if you pay \$20,000 or less in wages.

Household employers may elect to pay taxes annually using one of the following methods to notify EDD:

1. *Registration Form For Employers of Household Workers* (DE 1HW)

You may elect to become an annual taxpayer when you register with EDD by checking the "YES" box in Item I on DE 1 HW. (A completed sample form DE 1 HW is on page 9).

2. *Employer of Household Workers Election* (DE89)

If you previously registered with EDD, you may complete the DE 89 and return it to EDD to become an annual taxpayer.

(A completed sample form DE 89 is on page 23).

3. *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3B HW) - (Information regarding this form is on page 26. A completed sample form is on page 27.)

4. *Annual Payroll Tax Return for Employer of Household Workers* (DE 3 HW) - (Information regarding this form is on page 29. A completed sample form is on page 30.)

NOTE: If your total wages exceed \$20,000 during the year, immediately call your nearest ETCSO and tell the EDD representative that you need to change to a quarterly taxpayer. The representative will assist you in making this change. For the remainder of 2000, you will be a quarterly taxpayer (please refer to page 36).



Serving the People of California

State of California / Employment Development Department / P.O. Box 826880 / Sacramento CA 94280-0001



John and Jane Brown
123 Main Street
Anytown, CA 12345-0001

Date: January 3, 2000

Account No. 123-4567-8

California law allows certain Employers of Household Workers the option to pay California employment taxes for their household employees annually instead of quarterly. To be eligible to elect this option, an employer must:

- Be registered with this department as an Employer of Household Workers.
- Have no delinquent taxes or returns due to the department.
- Intend to pay \$20,000 or less in wages per year to your household employees. (The sum of all subject wages, cash or non-cash, paid to all employees must be no more than \$20,000 per year.)
- Submit wage information to the department quarterly. The department will provide you with forms for this purpose.
- Complete the election form at the bottom of this document and return it to the address indicated. If approved, the election will be effective the first day of the quarter in which the election is filed.

If you need assistance, contact the nearest Employment Tax Customer Service Office which is listed under the "State Government Offices" section of the telephone directory under Employment Development Department.

Please cut and return the bottom portion of this form to the address below.

You may also fax your election form to (916) 654-9211.

EMPLOYER OF HOUSEHOLD WORKER ELECTION

ACCOUNT: 123-4567-8

I am an employer of household workers and wish to elect to pay California employment taxes annually. I intend to pay no more than \$20,000 per year in wages to my workers. I understand that if I pay more than \$20,000 in a year, the election will be terminated and I will be required to file and pay all payroll taxes owed for the year at the end of the calendar quarter. I will also be required to file quarterly tax returns with payment for the remainder of the year. I will then need to file a new election to be eligible for this program in subsequent years in the future.

STATE OF CALIFORNIA
EMPLOYMENT DEVELOPMENT DEPARTMENT, MIC 28
P.O. BOX 826880
SACRAMENTO CA 94280-0001

Jane Brown 1/15/00
Signature Date
Jane Brown (916) 456-7890
Print Name Telephone Number

DE 89 Rev. 3 (2-98)

CU

ANNUAL TAXPAYERS

TAX RATE NOTICE

UI tax rates are calculated on contributions you paid by July 31 each year. You will receive the *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) by December 31, showing your UI, ETT, and SDI tax rates for the following year.

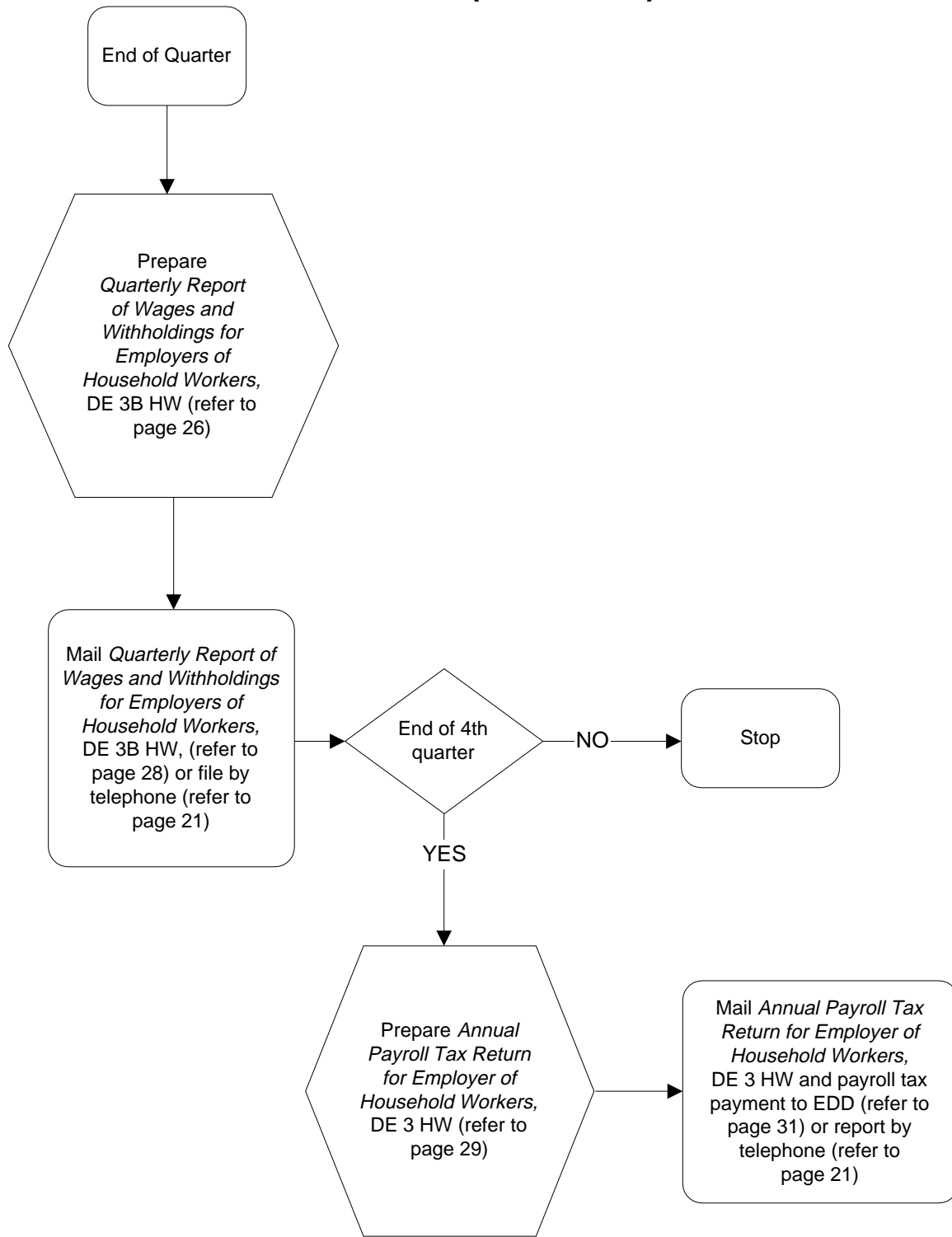
The tax rates and taxable wage limits will also be shown on the *Annual Payroll Tax Return for Employer of Household Workers* (DE 3 HW) sent to you by December 31 each year.

Any item on the DE 2088 can be protested except the ETT and SDI tax rates, which are specifically set by law. The protest must be filed in writing within 60 days of the mail date shown on the notice, unless an extension is requested and approved for "good cause." When filing your protest, you must include your employer account number, the specific item being protested, and why you are protesting the tax rate. Please mail your protest to:

**Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001**

If you need additional information, please call (916) 653-7795.

WHEN TO PREPARE ANNUAL PAYROLL TAX REPORTS (Flowchart)



ANNUAL TAXPAYERS**QUARTERLY REPORT OF WAGES AND WITHHOLDINGS (DE 3B HW)-OVERVIEW**

PURPOSE: Household employers who have elected to pay taxes once a year use the DE 3B HW to report employee quarterly wages subject to UI, ETT, and SDI taxes and personal income tax wages. If personal income tax is withheld, the amount is also reported on this form. A report must be filed each quarter. For any quarter that you do not have wages, you must check the "No Payroll" box on the front of the DE 3B HW and send the form to EDD.

HOW TO OBTAIN: Before the end of each quarter, EDD will send annual taxpayers a DE 3B HW. The form can also be obtained from the nearest ETC SO or downloaded from EDD's Web site at: www.edd.ca.gov. Not having a form to complete is not considered "good cause" for filing your quarterly wage reports late. If your form is lost or damaged or you have any questions about completing the DE 3B HW, please call your nearest ETC SO (see directory on page 1).

WHEN DUE: The DE 3B HW is due each quarter as shown in the following table:

REPORT PERIOD:	DUE:	DELINQUENT IF NOT POSTMARKED BY:
January, February, March	April 1, 2000	May 1, 2000
April, May, June	July 1, 2000	July 31, 2000
July, August, September	October 1, 2000	October 31, 2000
October, November, December	January 1, 2001	January 31, 2001

NOTE: When the last timely date falls on a Saturday, Sunday, or a holiday, the "delinquent if not postmarked by" date falls on the next business day.

A completed sample form and instructions to help you complete the form begins on page 27.

QUARTERLY REPORT OF WAGES AND WITHHOLDINGS FOR EMPLOYERS OF HOUSEHOLD WORKERS



Serving the People of California

APPROVED EXTENSION TO: _____

Instructions for completion are available on the back of this form.
PLEASE TYPE ALL INFORMATION

QUARTER ENDED June 30, 1999 DUE July 1, 1999

DELINQUENT IF
NOT POSTMARKED July 31, 1999
OR RECEIVED BY

YR QTR
99 2

EMPLOYER ACCOUNT NUMBER
123-4567-8

Ima Homemaker
123 Main Street
Anytown, CA 12345-0001

DO NOT ALTER THIS AREA	
DEPT. USE ONLY	P1 <input type="checkbox"/> C <input type="checkbox"/> T <input type="checkbox"/> S <input type="checkbox"/> W <input type="checkbox"/> A <input type="checkbox"/>
	Mo. Day Yr. WIC
	EFFECTIVE DATE

A. NUMBER OF EMPLOYEES full-time and part-time who worked during or received pay subject to UI wages for payroll period which includes the 12th of the month.

B. ☐ No Payroll This Quarter

1ST MONTH 2ND MONTH 3RD MONTH
1 2 2

C. SOCIAL SECURITY NUMBER 123-45-6789	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) William A Jones	E. TOTAL SUBJECT WAGES 400 00	F. PIT WAGES 40000	G. PIT WITHHELD -0-
C. SOCIAL SECURITY NUMBER 234-56-7890	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) Mary B Jones	E. TOTAL SUBJECT WAGES 725 00	F. PIT WAGES 72500	G. PIT WITHHELD -0-
C. SOCIAL SECURITY NUMBER	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	E. TOTAL SUBJECT WAGES	F. PIT WAGES	G. PIT WITHHELD
C. SOCIAL SECURITY NUMBER	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	E. TOTAL SUBJECT WAGES 1125 00	F. PIT WAGES 112500	G. PIT WITHHELD -0-
H. GRAND TOTAL SUBJECT WAGES 1125 00		I. GRAND TOTAL PIT WAGES 112500		J. GRAND TOTAL PIT WITHHELD -0-

K. I declare that the information herein is true and correct to the best of my knowledge and belief.

Signature Ima Homemaker Title Owner Phone (123) 456-7890 Date 7-20-99
(Employer, Accountant, Preparer, etc.)

You have received this Report of Wages and Withholdings for Employers of Household Workers, DE 3B HW, in lieu of the Quarterly Wage and Withholding Report, DE 6, because you have elected to pay taxes for your Household Workers on an annual basis. This form will be mailed to you quarterly and an Annual Payroll Tax Return For Employer Of Household Workers, DE 3 HW, will be mailed to you in the fourth quarter. This annual process is only available to employers who pay \$20,000 or less in household wages during the calendar year. If your wage estimate is understated and you do pay more than \$20,000 in wages in the calendar year, please follow the instructions on the back of this form under the "QUESTION" topic.

You must file this report even if you had no payroll by marking Item B, and indicating "0" in each of the three boxes in Item A, and in the Grand Total Boxes, Items H, I, and J.

DE 3B HW Rev. 3 (1-97)

MAIL TO: State of California / Employment Development Department / P.O. Box 826221 / MIC 28B / Sacramento, CA 94280-0001
Page 1 of 2

ANNUAL TAXPAYERS

INSTRUCTIONS FOR EACH LINE ITEM ON THE *QUARTERLY REPORT OF WAGES AND WITHHOLDINGS FOR EMPLOYERS OF HOUSEHOLD WORKERS* (DE 3B HW)

NOTE: The person preparing this form or the person responsible for the information on this form must sign Item K.

- A. For each of the three months in the quarter, enter the number of full-time and part-time employees who worked during or received wages subject to UI taxes for the payroll period that includes the 12th day of each month. Blank boxes will be identified as missing information. If you had no employees for that period, please write "0" in the box that applies to the month(s) that you had no employees.
- B. If you had no payroll during the quarter, mark this box and enter "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items H, I, and J.
- C. List the Social Security Number (SSN) of each employee. If an employee does not have an SSN, report the employee's wages without the number. You must take immediate steps to obtain an SSN for your employee.
- D. Enter the full first name, middle initial (if any), and last name of each employee to whom you paid wages for household employment.
- E. Enter the total amount of cash and non-cash wages (including cents) paid to each employee during the calendar quarter. Non-cash wages include meals and lodging (see Value of Meals and Lodging Tables on page 13). Please do not use commas, dollar signs, or decimal points.
- F. Enter the amount of all wages (including cents) paid during the period that are subject to Personal Income Tax (PIT), even if you do not withhold PIT. Generally, all wages paid to household employees are subject to PIT. You must enter Total Subject Wages (Item E) and PIT wages even if they are the same.
- G. If you and your employee(s) voluntarily agree to withhold PIT, enter the amount (including cents) withheld from each employee's wages during the quarter.
- H. Enter the total of all employees' wages paid during the quarter for Item E. If no wages were paid during the quarter, enter zero (0).
- I. Enter the grand total of all employees' wages paid during the quarter that are subject to PIT for Item F. If no wages were paid during the quarter, enter zero (0).
- J. Enter the grand total PIT withheld from all employee(s) for Item G. If no PIT was withheld during the quarter, enter zero (0).
- K. Sign the form and include your title, telephone number, and the date (see NOTE at top of page.)

ANNUAL TAXPAYERS

ANNUAL PAYROLL TAX RETURN (DE 3 HW)-OVERVIEW

PURPOSE: Household employers who have elected to pay taxes once a year use the DE 3HW to send Unemployment Insurance, Employment Training Taxes, and State Disability Insurance withholding to EDD. If personal income tax is withheld, that amount is also sent to EDD with this form.

HOW TO OBTAIN: The DE 3 HW will be mailed to the household employer by the end of December each year. The form can also be obtained from the nearest ETC SO or downloaded from EDD's Web site at: www.edd.ca.gov. Not having a form to complete is not considered "good cause" for filing your annual payroll tax return late. If your form is lost or damaged or you have any questions about completing the DE 3 HW, please call your nearest ETC SO (see directory on page 1).

WHEN DUE: The DE 3 HW is due on January 1 of the following year. For 2000, the form is due On January 1, 2001, and is delinquent if not postmarked by January 31, 2001.

If you cannot pay all or part of your taxes on time, you must still file the DE 3 HW. Failure to meet the postmark deadlines will result in penalty and interest being added to the amount due.

NOTE: If your total wages exceed \$20,000 during the year, you must notify EDD immediately that you need to change to a quarterly taxpayer. (See page 35 for information on changing from an annual taxpayer to a quarterly taxpayer.)

A completed sample form and instructions to help you complete the form begins on page 30.

HOUSEHOLD EMPLOYER'S GUIDE



Employment Development Department

ANNUAL PAYROLL TAX RETURN FOR EMPLOYER OF HOUSEHOLD WORKERS

APPROVED EXTENSION TO: _____

PLEASE TYPE ALL INFORMATION

YEAR ENDED Dec. 1999 DUE Jan. 1, 2000

DELINQUENT IF
NOT POSTMARKED
OR RECEIVED BY Jan. 31, 2000

YEAR
1999

123-4567-8

EMPLOYER ACCOUNT NO.

Ima Homemaker
123 Main Street
Anytown, CA 12345-0001

DEPT. USE ONLY	DO NOT ALTER THIS AREA									
	P1	P2	C	P	U	S	A			
	EFFECTIVE DATE			Mo.	Day	Yr.				

DETAILED INSTRUCTIONS ARE LOCATED ON THE BACK

CHECK BOX
IF:

- ☐ NO WAGES THIS YEAR
☐ FINAL RETURN
☐ REVERT TO QUARTERLY REPORTING

A. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR ----->	3600									
B. EMPLOYER'S UNEMPLOYMENT INSURANCE (UI) TAXES (Total Employee Wages up to \$7,000 per employee per calendar year)	<table> <tr> <td>WAGES</td> <td>UI %</td> <td></td> </tr> <tr> <td>(B1) 3600</td> <td>(B2) 3.4</td> <td>= (B3) 122.40</td> </tr> <tr> <td colspan="3">(multiplied by)</td> </tr> </table>	WAGES	UI %		(B1) 3600	(B2) 3.4	= (B3) 122.40	(multiplied by)		
WAGES	UI %									
(B1) 3600	(B2) 3.4	= (B3) 122.40								
(multiplied by)										
C. EMPLOYMENT TRAINING TAX (ETT) (Total Employee Wages up to \$7,000 per employee per calendar year)	<table> <tr> <td>WAGES</td> <td>ETT %</td> <td></td> </tr> <tr> <td>(C1) 3600</td> <td>(C2) 0.1</td> <td>= (C3) 3.60</td> </tr> <tr> <td colspan="3">(multiplied by)</td> </tr> </table>	WAGES	ETT %		(C1) 3600	(C2) 0.1	= (C3) 3.60	(multiplied by)		
WAGES	ETT %									
(C1) 3600	(C2) 0.1	= (C3) 3.60								
(multiplied by)										
D. EMPLOYEE STATE DISABILITY INSURANCE (SDI) TAXES (Total Employee Wages up to \$31,767 per employee per calendar year)	<table> <tr> <td>WAGES</td> <td>SDI %</td> <td></td> </tr> <tr> <td>(D1) 3600</td> <td>(D2) 0.7</td> <td>= (D3) 25.20</td> </tr> <tr> <td colspan="3">(multiplied by)</td> </tr> </table>	WAGES	SDI %		(D1) 3600	(D2) 0.7	= (D3) 25.20	(multiplied by)		
WAGES	SDI %									
(D1) 3600	(D2) 0.7	= (D3) 25.20								
(multiplied by)										
E. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD -----> (Total PIT withheld per forms W-2)	-0-									
F. TOTAL TAXES DUE (Add Items B3, C3, D3, and E) ----->	151.20									
G. LESS VOLUNTARY PREPAYMENT OF TAXES MADE DURING THE YEAR ----->	-0-									
H. BALANCE OF TOTAL TAXES DUE ----->	151.20									

INCLUDE EMPLOYER ACCOUNT NUMBER ON YOUR CHECK. Do not staple check to return.
Make check payable to EMPLOYMENT DEVELOPMENT DEPARTMENT

HELP US IMPROVE THE QUALITY OF OUR EMPLOYMENT TAX SERVICES. PLEASE RATE OUR CURRENT SERVICES BY
ENTERING THE APPROPRIATE NUMBER IN THE BOX: 4 = EXCELLENT 3 = GOOD 2 = FAIR 1 = POOR

3

I. Be sure to sign this declaration: *I declare that the information herein is true and correct to the best of my knowledge and belief.*

Signature Ima Homemaker Title Owner Phone (123) 456-7890 Date 1-20-00
(Owner, Accountant, Preparer, etc.)

DE 3 HW Rev. 2 (10-96)

State of California / Employment Development Department / P.O. Box 826221 / Sacramento, CA 94230-6221

ANNUAL TAXPAYERS

INSTRUCTIONS FOR EACH LINE ITEM ON THE ANNUAL PAYROLL TAX RETURN FOR EMPLOYER OF HOUSEHOLD WORKERS (FORM DE 3 HW)

- A. Enter the total of all wages that you paid to your employee(s) during the year.
- B. The UI tax is paid at the rate assigned to you on the first \$7,000 of cash and non-cash wages paid to each employee in 2000. Your UI tax rate will be given to you when you register with EDD. The UI tax rates are updated once each year.

Box B1: Enter the total UI cash and non-cash wages up to \$7,000 per employee.
Do not include wages exempt from UI taxes.

Box B2: UI Tax rate.

Box B3: Multiply Box B1 by Box B2 to find the total UI taxes due. Enter the UI taxes due in Box B3.

The following examples show how to compute UI taxes.

Example: Total UI taxable wages for the year are \$3,600.00.
The UI tax rate for this example is 3.4 percent (.034)

UI Taxable Wages	\$3,600
x UI Tax Rate	x .034
UI Taxes Due	\$122.40

NOTE:

1. If after paying \$1,000 in cash wages in a quarter in 1999 you began to pay your employee(s) less than \$1,000 in the following quarters, you must still continue to send UI tax payments to EDD through December 2000.
2. If after paying \$1,000 in cash wages in a quarter in 2000 you begin to pay your employee(s) less than \$1,000 in the following quarters, you must still continue to send UI tax payments to EDD through December 2001.

NOTE: The wages in Box "B1" and Box "C1" of your *Annual Payroll Tax Return for Employer of Household Workers* (DE 3 HW) should be the total wages on which you pay UI taxes.

- A. Employment Training Tax (ETT) is paid at the rate of 0.1 percent (.001) on the same wages that are in Box B1. Under some circumstances, you may not be required to pay ETT. You will be notified of your ETT rate after you register as an employer and each December after that.

HOUSEHOLD EMPLOYER'S GUIDE

Box C1: Enter the total wages from Box B1.

Box C2: ETT rate of 0.1 percent (.001).

Box C3: Multiply Box C1 by Box C2 to find the total ETT due. Enter the ETT due in Box C3.

The following examples show how to compute ETT:

Example: Total ETT taxable wages for the year are \$3,600
The ETT rate is 0.1 percent (.001)

ETT Taxable Wages	\$3,600
x ETT Rate	x .001
ETT Due	\$3.60

NOTE: If you paid ETT in 1999, you must pay ETT for all four quarters of 2000. The Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088) that you receive each year will show if you are required to pay ETT for the following calendar year.

- D. State Disability Insurance (SDI) tax is deducted from each employee's pay and held by the employer until this annual payroll tax return is filed. There are two SDI tax rates for the calendar year 2000. For wages paid from January 1 through March 31, the tax rate is 0.5% (.005). For wages paid from April 1 through December 31, the tax rate is 0.7% (.007). The SDI tax is withheld on the first \$46,327 of all cash and non-cash wages, including meals and lodging (see page 13), paid to each employee in 2000. If you did not withhold SDI from your employees' wages, please see "NOTE number 2" on page 34. **Since annual taxpayers are limited to \$20,000 or less total wages annually, your SDI taxable wages will be the same as total wages paid (amount in Line A).** If you have paid more than \$20,000 in wages to your household employee(s) during the year, please refer to page 35 for information on how to change from an annual taxpayer to a quarterly taxpayer. The following information will help you to compute your SDI taxes:

Box D1: Enter the total cash and non-cash wages up to \$46,327 per employee.

Box D2: SDI tax rate.

Box D3: Multiply Box D1 by Box D2 to find the total SDI taxes due. Enter the SDI withholdings due in Box D3.

Example: SDI taxable wages (paid on first \$46,327 of each employee's wages)

Total SDI taxable wages for the year are \$3,600.
The SDI rate for this example is 0.7 percent (.007)

SDI Taxable Wages	\$3,600
x SDI Tax Rate	x .007
SDI Taxes Due	\$25.20

NOTE:

1. If after paying \$750 in cash wages in one or more quarters in 1999, you began to pay your employee(s) less than \$750 in the following quarters, you must still continue to withhold SDI taxes from your employees' wages through December 2000. The SDI withholdings must be sent to EDD once a year.
 2. If after paying \$750 in cash wages in a quarter in 2000, you begin to pay your employee(s) less than \$750 in the following quarters, you must still continue to withhold SDI taxes from your employee's wages through December 2001. The SDI withholdings must be sent to EDD.
- D. As an employer of household workers, you ARE NOT REQUIRED to withhold PIT from employees' wages. You and your employee(s) may voluntarily agree to withhold PIT. If PIT is withheld, enter the total amount that you report on the employee's Form W-2. This amount should agree with the total PIT withheld that you reported quarterly in Item J on your DE 3B HW.
- E. Enter the total of Boxes B3, C3, D3 and Line E.
- F. If voluntary payments were made, enter the total of the deposit(s). If no payments were made enter zero (0).
- G. Subtract Line G from Line F to find the amount of total taxes due. Enter the amount on Line H.
- H. Sign and date the return.

NOTE:

1. For the tax year 2000, your payroll taxes and *Annual Payroll Tax Return for Employer of Household Workers* (DE 3 HW) are due January 2, 2001, and delinquent if not postmarked by January 31, 2001.
2. If you pay SDI taxes without deducting the amount of the taxes from your employees' wages, the amount of the SDI you paid is considered an increase to the employees' wages. Total subject wages are used to calculate UI, ETT, and SDI withholding. It should also be used to calculate PIT if you and your employee have agreed to withhold PIT.

For assistance in calculating total subject wages under these circumstances, please contact your nearest ETC SO (see directory on page 1).

When a household employer pays social security and/or medicare without deducting the money from the household employee's wages, the payments are not considered an increase in the employee's wages for calculating payroll tax payments for UI, ETT, and SDI.

ANNUAL TAXPAYERS

2000 DUE DATES AND DELINQUENCY DATES FOR ANNUAL TAXPAYERS

NOTE: When the last timely date falls on a Saturday, Sunday, or a holiday, the “delinquent if not postmarked by” date falls on the next business day.

Form	Filing Due Dates	Delinquent If Not Postmarked By
<i>Quarterly Report of Wages and Withholdings for Employers of Household Workers</i> (DE 3B HW)	April 1, 2000 for filing period of January, February, and March	May 1, 2000
	July 1, 2000 for filing period of April, May, and June	July 31, 2000
	October 1, 2000 for filing period of July, August, and September	October 31, 2000
	January 1, 2001 for filing period of October, November, and December	January 31, 2001
<i>Annual Payroll Tax Return for Employer of Household Workers</i> (DE 3HW)	January 1, 2001 for tax year of 2000	January 31, 2001

If you cannot pay all or part of your taxes on time, you must still file the DE 3 HW. Penalty and interest will be charged on late payroll tax payments.

NOTE:

1. When your DE 3B HW or DE 3 HW is mailed to EDD, the postmark date is used to determine if your form is timely.
2. The EDD will send you a notice for any quarter that a DE 3B HW is not received. For any quarter that you do not have wages to report, you must check the “No Payroll” box on the front of the DE 3B HW and send the form to EDD. If you have any questions, please call your nearest ETC SO (see directory on page 1).

ANNUAL TAXPAYERS

WHEN TO CHANGE FROM AN ANNUAL TAXPAYER TO A QUARTERLY TAXPAYER

If your total wages exceed \$20,000 during the year, you must notify EDD immediately. Call your nearest ETCSO (see directory on page 1) and an EDD representative will assist you in changing to a quarterly taxpayer.

As a quarterly taxpayer, you will begin sending a *Payroll Tax Deposit* (DE 88) coupon along with payroll tax payments to EDD on at least a quarterly basis. Each quarter, you will also complete a *Quarterly Wage and Withholding Report* (DE 6). An *Annual Reconciliation Statement* (DE 7) must be filed for the quarters you are a quarterly taxpayer, in 2000 (the quarters you used a DE 6 to report employee wages and withholding).

For an explanation of the responsibilities of a quarterly taxpayer please refer to "Quarterly Taxpayers" beginning on page 36. This section includes examples of completed forms and instructions for completing the forms.

Please contact your nearest ETCSO for assistance, (see directory on page 1).

QUARTERLY TAXPAYERS

OVERVIEW

If your total wages are \$20,000 or more annually, or if you do not elect to become an annual taxpayer, you must file wage reports and pay taxes quarterly. You must also file an annual reconciliation of payroll taxes.

As a quarterly taxpayer, you must complete the following forms:

1. ***Payroll Tax Deposit (DE 88)***
(Information regarding the form is on page 39. A completed sample form and instructions begin on page 41.)
2. ***Quarterly Wage and Withholding Report (DE 6)***
(Information regarding the form is on page 47. A completed sample form and instructions begin on page 48.)
3. ***Annual Reconciliation Statement (DE 7)***
(Information regarding the form is on page 51. A completed sample form and instructions begin on page 52.)

QUARTERLY TAXPAYERS**TAX RATE NOTICE**

UI tax rates are calculated on contributions you paid by July 31 each year. You will receive the *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) by December 31 each year, showing your UI, ETT, and SDI tax rates for the year 2001.

The tax rates and taxable wage limits will also be shown on the following preprinted forms EDD will send to you:

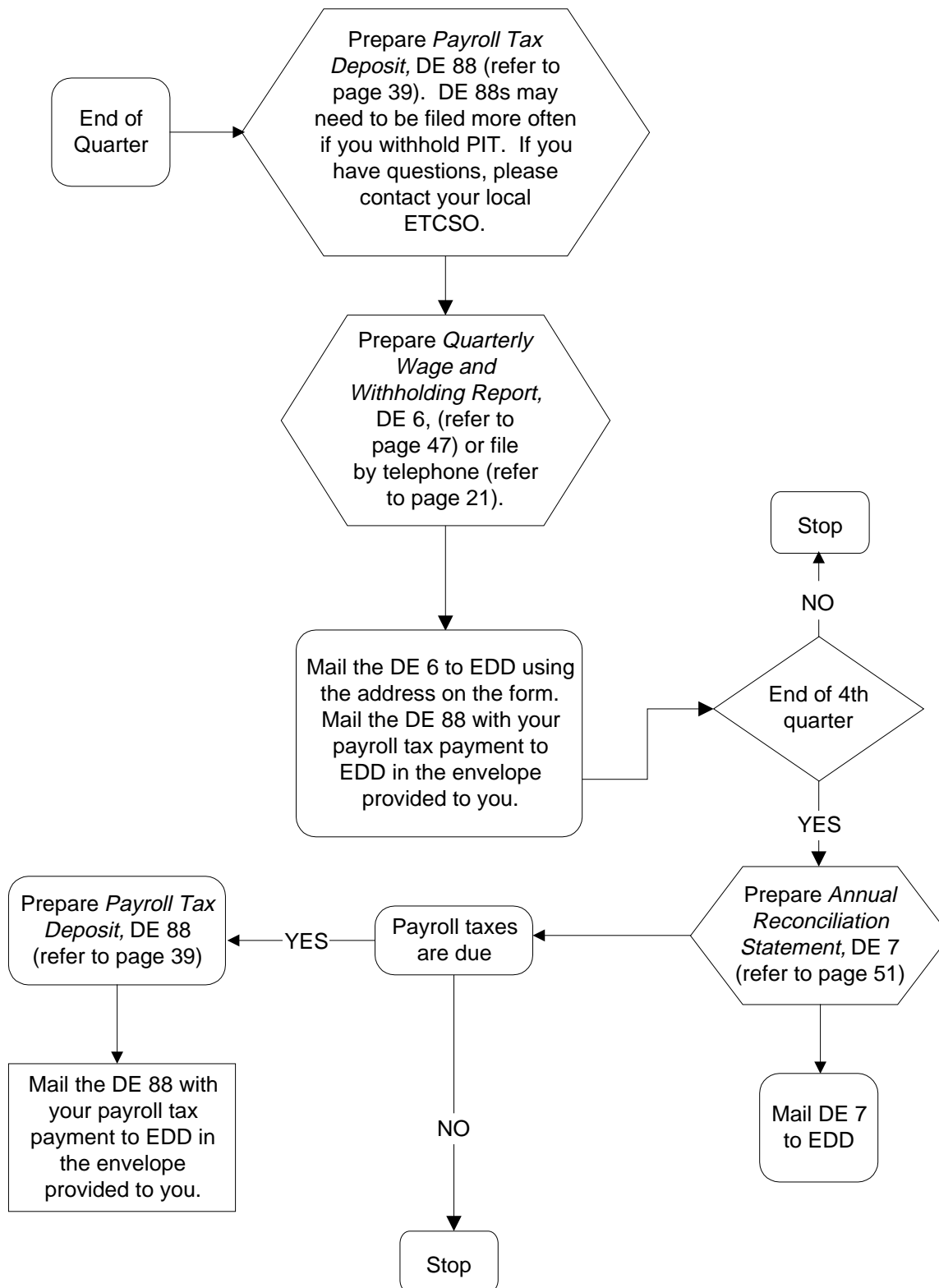
1. *Payroll Tax Deposit* (DE 88) coupon book (NOTE: DE 88s printed prior to April 1, 2000 may show the SDI rate at .005. Be sure to withhold SDI at .007 on wages paid April 1 through December 31.); and
2. *Annual Reconciliation Statement* (DE 7)

Any item on the DE 2088 can be protested except the SDI and ETT tax rates, which are specifically set by law. The protest must be filed in writing within 60 days of the mail date shown on the notice, unless an extension is requested and approved for "good cause." When filing your protest, you must include your employer account number, the specific item(s) being protested, and why you are protesting. Please mail your protest to:

**Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001**

If you need additional information, please call (916) 653-7795.

WHEN TO PREPARE QUARTERLY PAYROLL TAX REPORTS (Flowchart)



QUARTERLY TAXPAYERS**PAYROLL TAX DEPOSIT (DE 88)-OVERVIEW**

PURPOSE: Household employers who are quarterly taxpayers use the DE 88 to report and pay Unemployment Insurance (UI), Employment Training Taxes, and State Disability Insurance withholding to EDD. If personal income tax is withheld, that amount is also sent to EDD with this form. The DE 88 booklet has your UI tax rate printed on the coupon. Preprinted envelopes are provided with the booklets.

HOW TO OBTAIN: The DE 88 will be mailed to you each year by March. Newly registered employers will be mailed a DE 88 booklet containing preprinted forms about six weeks after registering with EDD. (Please destroy all DE 88s printed prior to Revision 14, 1-98.)

Reorder additional DE 88 booklets using the tear-out reorder postcard at the back of the booklet. Allow six to eight weeks for delivery. The reorder postcard should be mailed to:

**Employment Development Department
Account Services Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001**

The DE 88 booklet can also be ordered through an automated telephone system at (916) 654-7041 or downloaded from EDD's Internet website at: www.edd.ca.gov.

Not having a coupon is not considered "good cause" for filing your payroll tax payments late. If your coupon booklet is lost or damaged or you have any questions about completing the coupon, please call your ETCSO (see directory on page 1).

WHEN DUE: If you do not withhold PIT or if accumulated PIT withheld is less than \$350, DE 88s are due each year on January 1, April 1, July 1, and October 1. If accumulated PIT withheld is more than \$350, contact your nearest ETCSO for filing information (see directory on page 1).

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The DE 88 is due at least once each quarter as shown in the following table:

REPORT PERIOD:	DUE:	DELINQUENT IF NOT POSTMARKED BY:
January, February, March	April 1, 2000	May 1, 2000
April, May, June	July 1, 2000	July 31, 2000
July, August, September	October 1, 2000	October 31, 2000
October, November, December	January 1, 2001	January 31, 2001

NOTE: When the last timely date falls on a Saturday, Sunday, or a holiday, the “delinquent if not postmarked by” date falls on the next business day.

If you cannot pay all or part of your taxes on time, you must still file the DE 88. Failure to meet the postmark deadlines will result in penalty and interest being added to the amount due.

A completed sample form and instructions are on page 41.

EDD		PAYROLL TAX DEPOSIT DE 88		(TYPE OR PRINT IN BLACK INK ONLY)	
Serving the People of California		1. PAYROLL DATE: MUST BE COMPLETED		2. PAYMENT TYPE: (MARK ONE BOX ONLY)	
STATE OF CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT P O BOX 825276 SACRAMENTO CA 94230-6276		0 6 1 5 9 8 (Last PAYROLL DATE covered by deposit)		<input type="checkbox"/> NEXT BANKING DAY <input type="checkbox"/> SEMI- WEEKLY <input checked="" type="checkbox"/> MONTHLY <input type="checkbox"/> QUARTERLY	
JANE BROWN CALIFORNIA BUSINESS		3. PAYMENT QUARTER		1998 Rate Tax	
This is your Account Number; Please enter on your check		1 2 3 4 5 6 7 8		A) UI	
EMPLOYMENT DEVELOPMENT DEPT.		9 8 2		B) ETT	
PREPARER'S SIGNATURE		TELEPHONE NO.		C) SDI	
JANE BROWN		(123) 456-7890		D) California PIT	
				E) Penalty	
				F) Interest	
				G) TOTAL PAID \$	
				2 3 0 9 0	
				PAY THIS AMOUNT TOTAL LINES A THROUGH F. DO NOT FOLD OR STAPLE. Make check payable to EDD.	
				DE 88 Rev. 14 (1-98)	

INSTRUCTIONS FOR PAYROLL TAX DEPOSIT (DE 88)

- Business Name** Your business name is preprinted on the *Payroll Tax Deposit* (DE 88) coupon. Verify the correctness of your business name. Please use the Address Correction form in the back of the booklet if you need to change or correct your name and/or address.
- Account Number** Your account number is preprinted on DE 88 coupon. Verify the correctness of the number.
- Payroll Date**
1. If you withhold less than \$350 in Personal Income Tax (PIT) from your employee's wages, enter the last day of the quarter.
 2. If you withhold \$350 or more in PIT from your employee's wages, a monthly deposit must be made, enter the last day of the month.
- Payment Period** Check either the quarterly or monthly box. Most household employers will check the "Quarterly" box.
- Payment Quarter** Enter the year and quarter that the payment should be applied to, for example, entering "00" in the first two boxes and "1" in the last box indicates that the payment is for the first quarter of 2000.
- Payment Amounts**
- Box A: Multiply the UI taxable wages by your UI rate and enter the result in Box A.
- Box B: Multiply the UI taxable wages by the ETT rate and enter the result in Box B.

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Box C: Multiply the SDI taxable wages by the SDI rate and enter the result in Box C.

Box D: If you withhold California PIT from your employee's wages, enter the total PIT withheld during the quarter in Box D. Please refer to your payroll records for this information.

If your payment is timely, penalty and interest are not due. Please go to the "Total Paid" Box.

Penalty Box E: Call your nearest ETCSO for assistance in calculating penalties (see directory on page 1).

Interest Box F: Call your nearest ETCSO for assistance in calculating interest (see directory on page 1).

Total Paid Box G: Add Boxes A, B, C, D, E, and F. This is the total amount due. Enter this amount in Box G.

**Preparer/
Telephone** Sign your name and enter your telephone number in the spaces provided.

QUARTERLY TAXPAYERS

HOW TO CALCULATE TAXABLE WAGES

The UI and ETT tax is calculated on the first \$7,000 of each employee's wages. The SDI tax is calculated on the first \$46,327 of each employee's wages.

Example: An employer has two employees. In the first quarter, Employee #1 is paid \$8,000 and Employee #2 is paid \$5,000.

First Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 7,000.00	\$ 8,000.00
Employee #2	5,000.00	5,000.00
Total Taxable Wages	\$12,000.00	\$13,000.00

In the second quarter, Employee #1 is paid \$25,000 and Employee #2 is paid \$1,000. Employee #1 has reached the \$7,000 wage limit for UI and ETT taxes.

Second Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$0.00	\$25,000.00
Employee #2	1,000.00	1,000.00
Total Taxable Wages	\$1,000.00	\$24,000.00

In the third quarter, Employee #1 is paid \$13,327 and Employee #2 is paid \$8,000. Employee #1 has reached the \$46,327 wage limit for SDI.

Third Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$ 0.00	\$13,327.00
Employee #2	1,000.00	8,000.00
Total Taxable Wages	\$1,000.00	\$21,327.00

In the fourth quarter, Employee #1 is paid \$10,000 and Employee #2 is paid \$15,000. Employee #2 has reached the \$7,000 wage limit for UI and ETT taxes.

Fourth Quarter		
<u>Taxable Wages</u>	<u>UI and/or ETT</u>	<u>SDI</u>
Employee #1	\$0.00	\$ 0.00
Employee #2	\$0.00	15,000.00
Total Taxable Wages	\$0.00	\$15,000.00

QUARTERLY TAXPAYERS**HOW TO COMPUTE STATE DISABILITY INSURANCE (SDI) WITHHOLDING**

The two SDI tax rates for the calendar year 2000 are:

<u>Wages Paid</u>	<u>Withholding Rate</u>
January 1 – March 31	0.5% (.005)
April 1 – December 31	0.7% (.007)

The SDI tax is withheld from each employee's wages on the first \$46,327 of all cash and non-cash wages paid to each employee in 2000. Non-cash wages include meals and lodging (see Values of Meals and Lodging Tables on page 13.) If you do not withhold SDI from your employee's wages see "NOTE number 3" below.

A *Payroll Tax Deposit* (DE 88) coupon must be sent to EDD each quarter along with any SDI tax payment due. For 2000, DE 88 envelopes must be postmarked by May 1, 2000, July 31, 2000, October 31, 2000, and January 31, 2001.

Example: The SDI tax rate for this example is 0.7 percent (.007). The total SDI taxable wages for the pay period are \$13,000.

Total Quarterly SDI Taxable Wage	\$13,000.00
x <u>SDI Tax Rate</u>	x <u>.007</u>
Total Quarterly SDI Payment Due	\$ 91.00 (Enter this amount in Box C)

NOTE:

1. If after paying \$750 in cash wages in one or more quarters in 1999 you began to pay your employee(s) less than \$750 in the following quarters, you must continue to send SDI tax payments to EDD through December 2000.
2. If after paying \$750 in cash wages in one or more quarters in 2000, you begin to pay your employee(s) less than \$750 in the following quarters, you must continue to send SDI tax payments to EDD through December 2001.
2. If you pay SDI taxes without deducting the amount of the taxes from your employees' wages, the amount of the SDI you paid is considered an increase to the employees' wages. Total subject wages are used to calculate UI, ETT, and SDI withholding. It should also be used to calculate PIT if you and your employee have agreed to withhold PIT.

For assistance in calculating total subject wages under these circumstances, please contact your nearest ETC SO (see directory on page 1).

When a household employer pays social security and/or medicare without deducting the money from the household employee's wages, the payments are not considered an increase in the employee's wages for calculating payroll tax payments for UI, ETT, and SDI.

QUARTERLY TAXPAYERS

HOW TO COMPUTE UNEMPLOYMENT INSURANCE (UI) TAXES AND EMPLOYMENT TRAINING TAX (ETT)

If you pay cash wages of \$1,000 or more in one quarter to household workers, in addition to withholding State Disability Insurance, you must pay UI tax and ETT at the following rates:

- The UI tax rate for new employers is 3.4 percent (.034). Your tax rate will be given to you when you register with EDD. Your tax rate is updated once each year with a notice mailed to you in December showing the rate for the following year. The UI tax is paid on the first \$7,000 of all cash and non-cash wages paid to each employee in 2000.
- The ETT is paid at 0.1 percent (.001) on the first \$7,000 of cash and non-cash wages paid to each employee in 2000. Non-cash wages include meals and lodging (see Values of Meals and Lodging Tables on page 13).

The UI tax and ETT amounts are paid by you, the employer, and are not withheld from your employees' wages.

Your payroll taxes and a *Payroll Tax Deposit* (DE 88) coupon must be sent to EDD each quarter, postmarked by May 1, 2000, July 31, 2000, October 31, 2000, and January 31, 2001.

Example: The total UI taxable wages for two employees for the quarter are \$12,000.00.
The UI rate for this example is 3.4 percent (.034). Your UI tax rate is shown on your preprinted DE 88 coupon.

Total Quarterly UI Taxable Wages	\$12,000.00
x UI Tax Rate	x .034
Total Quarterly UI Taxes Due	\$ 408.00 (Enter in Box A)

Example: The total ETT taxable wages for the quarter are \$12,000.00.
The ETT rate is 0.1 percent (.001). Please use this rate to compute your 2000 ETT.

Total Quarterly ETT Taxable Wages	\$12,000.00
x ETT Rate	x .001
Total Quarterly ETT Payment Due	\$ 12.00 (Enter in Box B)

NOTE:

1. If after paying \$1,000 in cash wages in a quarter in 1999, you began to pay your employee(s) less than \$1,000 in the following quarters, you must continue to send UI, ETT, and SDI payments to EDD through December 2000.
2. If after paying \$1,000 in cash wages in a quarter in 2000, you begin to pay your employee(s) less than \$1,000 in the following quarters, you must continue to send UI, ETT, and SDI payments to EDD through December 2001.

QUARTERLY TAXPAYERS**QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6)-OVERVIEW**

PURPOSE: Household employers who are quarterly taxpayers use the DE 6 to report their employee wages subject to UI taxes and California Personal Income Tax wages. If Personal Income Tax is withheld, that amount is also reported on this form. A report must be filed each quarter. For any quarter that you do not have wages, you must check the "No Payroll" box on the front of the DE 6 and send the form to EDD.

HOW TO OBTAIN: The DE 6 is mailed to employers in March, June, September, and December of each year. The form can also be obtained from the nearest ETC SO or downloaded from EDD's Internet website at: www.edd.ca.gov. Not having a form to complete is not considered "good cause" for filing your DE 6 late. If your form is lost or damaged or you have any questions about completing the DE 6, please call your nearest ETC SO (see directory on page 1).

WHEN DUE: The DE 6 is due each quarter as shown in the following table:

<u>REPORT PERIOD:</u>	<u>DUE:</u>	<u>DELINQUENT IF NOT POSTMARKED BY:</u>
January, February, March	April 1, 2000	May 1, 2000
April, May, June	July 1, 2000	July 31, 2000
July, August, September	October 1, 2000	October 31, 2000
October, November, December	January 1, 2001	January 31, 2001

NOTE: When the last timely date falls on a Saturday, Sunday, or a holiday, the "delinquent if not postmarked by" date falls on the next business day.

A completed sample form and instructions begin on page 48.

HOUSEHOLD EMPLOYER'S GUIDE



QUARTERLY WAGE AND WITHHOLDING REPORT

PLEASE TYPE THIS FORM PER INSTRUCTIONS ON REVERSE
You must FILE this report even if you had no payroll. If you had no payroll, complete items C
or D and P.



00060198

YR 00 QTR 2

QUARTER
ENDED June 30, 2000

DUE July 1, 2000

DELINQUENT IF
NOT POSTMARKED
OR RECEIVED BY

EMPLOYER ACCOUNT NO.

12345678

DO NOT ALTER THIS AREA

P1 C T S W A
EFFECTIVE DATE
Mo. Day Yr. WIC

Household Employer
123 Main Street
Anytown, CA 12345-0001

A. EMPLOYEES full time and part time who worked during or
received pay for the payroll period which includes the
12th of the month.

1st Mo. 2nd Mo. 3rd Mo.
2 2 2

B. Check this box if you are reporting ONLY Voluntary Plan DI wages on this page.
Report PIT Wages and PIT Withheld, if appropriate. (See instructions for Item B.)

C. NO PAYROLL

D. OUT OF BUSINESS/FINAL REPORT

E. SOCIAL SECURITY NUMBER
123456789

F. EMPLOYEE NAME (FIRST NAME)
ROBERT

(M.I.) (LAST NAME)
V SMITH

G. TOTAL SUBJECT WAGES
1000.51

H. PIT WAGES
1000.51

I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER
234567890

F. EMPLOYEE NAME (FIRST NAME)
CINDY

(M.I.) (LAST NAME)
S JONES

G. TOTAL SUBJECT WAGES
2456.80

H. PIT WAGES
2456.80

I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER

F. EMPLOYEE NAME (FIRST NAME)

(M.I.) (LAST NAME)

G. TOTAL SUBJECT WAGES

H. PIT WAGES

I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER

F. EMPLOYEE NAME (FIRST NAME)

(M.I.) (LAST NAME)

G. TOTAL SUBJECT WAGES

H. PIT WAGES

I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER

F. EMPLOYEE NAME (FIRST NAME)

(M.I.) (LAST NAME)

G. TOTAL SUBJECT WAGES

H. PIT WAGES

I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER

F. EMPLOYEE NAME (FIRST NAME)

(M.I.) (LAST NAME)

G. TOTAL SUBJECT WAGES

H. PIT WAGES

I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER

F. EMPLOYEE NAME (FIRST NAME)

(M.I.) (LAST NAME)

G. TOTAL SUBJECT WAGES

H. PIT WAGES

I. PIT WITHHELD

J. TOTAL SUBJECT WAGES THIS PAGE
3457.31

K. TOTAL PIT WAGES THIS PAGE
3457.31

L. TOTAL PIT WITHHELD THIS PAGE

M. GRAND TOTAL SUBJECT WAGES
3457.31

N. GRAND TOTAL PIT WAGES
3457.31

O. GRAND TOTAL PIT WITHHELD

P. I declare that the information herein is true and correct to the best of my knowledge and belief.

Preparer's Signature James Brown Title Owner 916 123-4567 Date 07/06/00
(Owner, Accountant, Preparer, etc.) Phone ()

DE 6 Rev. 3 (1-98)

MAIL TO: State of California / Employment Development Department / P.O. Box 826288 / Sacramento, CA 94230-6288

QUARTERLY TAXPAYERS**INSTRUCTIONS FOR EACH LINE ITEM ON THE *QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6)*****LINE ITEM INSTRUCTIONS**

- A. For each of the three months in the quarter, enter the number of full-time and part-time employees who worked during or received pay subject to UI taxes for the payroll period that includes the 12th day of each month. Blank boxes will be identified as missing information. If you had no employees for that period, please write "0" in the box that applies to the month(s) that you had no employees.
- B. Check this box only if you have an approved Voluntary Disability Insurance Plan for your employees (most employers use the State disability plan and do not check this box).
- C. If you had no payroll during the quarter, mark this box and enter "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items M, N, and O.
- D. If you did not have employees during the quarter and will no longer be employing people to work in or around your home, mark this box and enter "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items M, N, and O.
- E. List the Social Security Number (SSN) of each employee. If an employee does not have an SSN, report their wages without the number. You must take immediate steps to obtain an SSN for your employee.
- F. Enter the full first name, middle initial (if any), and last name of each employee to whom you paid wages for household employment.
- G. Enter the total amount of cash and non-cash wages (including cents) to each employee during the calendar quarter. Non-cash wages include meals and lodging (see Values of Meals and Lodging Tables on page 13). Please do not use commas, dollar signs, or periods.
- H. Enter the amount of all wages (including cents) paid during the period that are subject to Personal Income Tax (PIT), even if you do not withhold PIT. Generally, all wages paid to household employees are subject to PIT. You must enter Total Subject Wages (Item G) and PIT wages even if they are the same.
- I. If you and your employee(s) voluntarily agree to withhold PIT, enter the amount (including cents) withheld from each employee's wages during the quarter.
- J. Enter the total, for this page, of all employees' wages paid during the quarter for Item G.

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- K. Enter the page total, for this page, of all employees' wages paid in the quarter for Item H.
- L. Enter the page total, for this page, PIT withheld from all employees for Item I.
- M. Enter the grand total of all DE 6 pages used to report employees' wages paid in the quarter for Item J.
- N. Enter the grand total of all DE 6 pages used to report employees' wages paid in the quarter for Item K.
- O. Enter the grand total of all DE 6 pages used to report PIT withheld from all employees for Item L.
- P. The person preparing this form or the person responsible for the information on this form must sign Item P. Include the person's title, telephone number, and the date the form is signed.

QUARTERLY TAXPAYERS

ANNUAL RECONCILIATION STATEMENT (DE 7)-OVERVIEW

PURPOSE: Household employers who are quarterly taxpayers use the DE 7 annually to reconcile payments of payroll taxes.

HOW TO OBTAIN: The DE 7 is mailed to employers at the end of the calendar year. The form can also be obtained from the nearest ETC SO or downloaded from EDD's Web at: www.edd.ca.gov. Not having a form to complete is not considered "good cause" for filing your DE 7 late. If your form is lost or damaged or if you have any questions about completing the DE 7, please call your nearest ETC SO (see directory on page 1).

WHEN DUE: The form is due only once a year. For 2000, the DE 7 is due on January 1, 2001 and must be postmarked no later than January 31, 2001.

Failure to meet the postmark deadlines will result in penalty and interest being added to the amount due.

A completed sample form and instructions to help you complete the form begin on page 52.

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ANNUAL RECONCILIATION STATEMENT



PLEASE TYPE THIS FORM—DO NOT ALTER PREPRINTED INFORMATION

00071297

YEAR ENDED 12/31/00 DUE 01/01/01 DELINQUENT IF NOT POSTMARKED OR RECEIVED BY 01/31/01 YEAR 2000

EMPLOYER ACCOUNT NO.

12345678

Household Employer
123 Main Street
Anytown, CA 12345-0001

DO NOT ALTER THIS AREA							
DEPT. USE ONLY	P1	P2	C1	P1	U1	S1	A1
EFFECTIVE DATE		Mo.	Day	Yr.			

FEIN 12-3456789

ADDITIONAL FEINS

CHECK A. NO WAGES PAID THIS YEAR

BOX IF: B. OUT OF BUSINESS / FINAL STATEMENT

C. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR > 25371.25

D. UNEMPLOYMENT INSURANCE (UI)

(Total Employee Wages up to \$ per employee per calendar year)

(D1) UI %

3.4

TIMES

(D2) UI TAXABLE WAGES

25371.25

(D3) UI CONTRIBUTIONS

862.62

E. EMPLOYMENT TRAINING TAX (ETT)

(E1) ETT %

.1

TIMES

UI Taxable Wages (D2) =

25.37

(E2) ETT CONTRIBUTIONS

F. STATE DISABILITY INSURANCE (SDI)

(Total Employee Wages up to \$ per employee per calendar year)

(F1) SDI %

.7

TIMES

(F2) SDI TAXABLE WAGES

25371.25

SDI EMPLOYEE

(F3) CONTRIBUTIONS WITHHELD

177.60

PIT WITHHELD PER FORMS W-2 AND/OR 1099 R

G. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD > 0

H. SUBTOTAL (Add Items D3, E2, F3 and G) > 1065.59

I. LESS: TAXES AND WITHHOLDINGS PAID FOR THE YEAR > 1065.59
(DO NOT INCLUDE PENALTY AND INTEREST PAYMENTS)

J. TOTAL TAXES DUE OR OVERPAID (Item H minus Item I) > 0

If amount due, prepare a Payroll Tax Deposit, DE 88, and mail to P.O. Box 826276, Sacramento, CA 94230-6276. Mailing payments with DE 7 delays payment processing and may result in an erroneous penalty and interest charges. **Mandatory EFT filers must remit all SDI/PIT deposits by EFT to avoid Non-Compliance Penalty.**

HELP US IMPROVE THE QUALITY OF OUR EMPLOYMENT TAX SERVICES. PLEASE RATE OUR CURRENT SERVICES BY ENTERING THE APPROPRIATE NUMBER IN THE BOX:

4 = EXCELLENT 3 = GOOD 2 = FAIR 1 = POOR

K. Be sure to sign this declaration: I declare that the information herein is true and correct to the best of my knowledge and belief.

Signature Jane Brown Title Owner Phone (916) 123-4567 Date 1/1/01

DE 7 Rev. 1 (12/97)

(Owner, Accountant, Preparer, etc.)

SIGN AND MAIL TO: State of California / Employment Development Department / P.O. Box 826286 / Sacramento CA 94230-6286

QUARTERLY TAXPAYERS

INSTRUCTIONS FOR ANNUAL RECONCILIATION STATEMENT (DE 7)

You must file this form even if you had no payroll. If you had no payroll, check the box for Item A and complete Item K.

Verify or enter your Federal Employer Identification Number (FEIN): If the number is not correct, line it out and enter the correct number. If you have more than one FEIN relating to the State employer account number, enter the additional FEINs in the spaces indicated.

- A. Check this box if you did not pay wages subject to UI/SDI taxes during the calendar year.
- B. Check this box if you quit business and this is your final statement.
- C. Enter the total amount of all cash and non-cash wages paid to employees in 2000. Non-cash wages include meals and lodging (see Value of Meals and Lodging Tables on page 13).
- D. UI tax is paid at the rate assigned to you on the first \$7,000 of all cash and non-cash wages paid to each employee in 2000. Non-cash wages include meals and lodging (see Value of Meals and Lodging Tables on page 13).

Box D1. UI tax rate. If you had a tax rate change that was not effective for the entire year, you will need to file a separate Annual Reconciliation Statement for the period of time covered by each rate.

Box D2. Enter the total UI cash and non-cash wages for the year, up to \$7,000 per employee.

Box D3. Multiply Box D1 by the amount entered in Box D2 and enter this calculated amount in Box D3.

- E. ETT is paid at the rate of 0.1 percent (.001) on the same wages that are in Box D2. Under some circumstances you may not be required to pay ETT. You will be notified of your ETT rate after you register as an employer and each December on your *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088).

Box E1. ETT Rate.

Box E2. Multiply Box E1 by the amount entered in Box D2 and enter this calculated amount in Box E2.

HOUSEHOLD EMPLOYER'S GUIDE

F. The two SDI tax rates for the calendar year 2000 are:

<u>Wages Paid</u>	<u>Withholding Rate</u>
January 1 – March 31	0.5% (.005)
April 1 – December 31	0.7% (.007)

SDI tax is deducted from each employee's wages on the first \$46,327 of all cash and non-cash wages paid to each employee in 2000. Non-cash wages include meals and lodging (see Value of Meals and Lodging Tables on page 13).

Box F1. SDI tax rate (Please verify that you are using the correct SDI rate. See information above).

Box F2. Enter the total SDI cash and non-cash wages for the year, up to \$46,327 per employee.

Box F3. Multiply Box F1 by the amount entered in Box F2 and enter this calculated amount in Box F3.

G. PIT withheld. As an employer of household workers, you ARE NOT REQUIRED to withhold PIT from employees' wages. If you and your employees voluntarily agree to withhold PIT enter the total amount withheld. This amount should agree with the total PIT withheld that you reported in Box O on your four quarterly DE 6s for 2000.

H. Enter the total of Boxes D3, E2, F3, and Line G.

I. Total of all UI, ETT, SDI and PIT payments for this calendar year. NOTE: DO NOT include any payments made during the year for any prior years or payments for penalty and interest.

J. Subtract Line I from Line H (this should be zero if all payments have been properly paid). If an amount is due, prepare a *Payroll Tax Deposit* (DE 88) designating fourth quarter, and mail with a check or money order.

K. The person preparing this statement or the person responsible for the information on this statement must sign Item K. Include the person's title, telephone number, and date the statement is signed.

QUARTERLY TAXPAYERS

2000 DUE DATES AND DELINQUENCY DATES FOR QUARTERLY TAXPAYERS

NOTE: When the last timely date falls on a Saturday, Sunday, or a holiday, the “delinquent if not postmarked by” date falls on the next business day.

Form	Filing Dates	Delinquent If Not Postmarked By
<i>Quarterly Wage and Withholding Report (DE 6) and Payroll Tax Deposit (DE 88)</i>	April 31, 2000 for filing period of January, February, and March	May 1, 2000
	July 31, 2000 for filing period of April, May, and June	July 31, 2000
	October 21, 2000 for filing period of July, August, and September	October 31, 2000
	January 21, 2001 for filing period of October, November, and December	January 31, 2001
<i>Annual Reconciliation Statement (DE 7)</i>	January 21, 2001 for tax year 1999	January 31, 2001

If you cannot pay all or part of your taxes on time, you must still file the DE 88. Penalty and interest will be charged on late payroll tax payments.

NOTE:

1. When your DE 6, DE 88, or DE 7 is mailed to EDD, the postmark date is used to determine if your form is timely.
2. The EDD will send you a notice for any quarter that a DE 6 is not received. For any quarter that you do not have wages to report, you must check the “No Payroll” box on the front of the DE 6 and send the form to EDD. If you have any questions, please call your nearest ETC SO (see directory on page 1).

YOUR UNEMPLOYMENT INSURANCE (UI) RESERVE ACCOUNT

When you register as a household employer who has paid \$1,000 or more in cash wages during a calendar quarter, you will receive an eight-digit UI employer reserve account number (for example: 000-0000-0). The payments you send to EDD for UI taxes are credited to your employer reserve account. The employer reserve account is a record of the UI taxes you have paid (credits) and the UI benefits that EDD has paid (charges) to people who no longer work for you, or who qualified for reduced UI benefits when working less than full-time for you. Your employer reserve account is a “paper” account for record keeping purposes and has no cash value. The difference between the credits and charges is the reserve account balance. It may be positive or negative. It is used to determine your annual UI tax rate.

Each year by December 31, EDD will send you a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088). This form will show you the UI, ETT, and SDI tax rates and taxable wage limits for the following year. The UI, ETT, and SDI tax rates and taxable wage limits may change each year.

UNEMPLOYMENT INSURANCE (UI) NOTICES

The last employer will receive a *Notice of Claim Filed* (DE 1101CZ or DE 1101ER) when a claimant (your former employee) applies for UI benefits. This notice asks why the claimant is no longer working for you. If you have any information regarding why the claimant should not receive UI benefits, please complete the form and send it to EDD right away. If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the notice explaining why. The DE 1101CZ and DE 1101ER have instructions that tell you how to complete the form. You have 10 days from the date the notice was mailed to you to return the notice to EDD. Your response is used to decide if the claimant is eligible to receive UI benefits. If you respond to the notice within 10 days of the date it was mailed to you, EDD will send you a *Notice of Determination and/or Ruling*. A ruling tells you if your reserve account will be charged for the claimant's benefits.

If EDD finds that a claimant is eligible to receive UI benefits, *Notice(s) of Wages Used for Unemployment Insurance (UI) Claim* (DE 1545) is mailed to former employers after the first benefit check is mailed to the claimant. When you receive one of these notices, it means that your UI reserve account could be charged for UI benefits paid to the claimant. If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the notice explaining why. You must mail the DE 1545 prior to the postmark date shown on the Notice. If you have already responded to a DE 1101CZ or DE 1101ER for the same employee and separation date, you do not need to complete this form. The DE 1545 has instructions that tell you how to complete the form.

UNEMPLOYMENT INSURANCE NOTICES OF DETERMINATION, RULING, OR MODIFICATION

An employer can receive one of four notices in reply to reported eligibility issues:

- *Notice of Determination* (DE 1080 CT) — Sent to an employer who responds timely with eligibility information other than a voluntary quit or discharge.

NOTE: A disqualification, after payment of benefits, for reasons other than a separation issue of eligibility does not relieve benefit charges to your reserve account.

- *Notice of Determination/Ruling* (DE 1080 CT) — Sent to an employer who responds timely with eligibility information regarding a voluntary quit or discharge. The ruling portion of this notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
- *Notice of Ruling* (DE 1080 CT) — Sent to an employer who responds timely to a Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545) with separation information. The separation must have occurred during the base period of the claim. This notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
- *Notice of Modification* (DE 1080 M) — Sent to an employer who previously received a DE 1080 CT. The purpose of this form is to inform the employer that the claimant's disqualification period is over.

STATEMENT OF CHARGES TO RESERVE ACCOUNT

A *Statement of Charges to Reserve Account* (DE 428T) is mailed in October each year to all tax rated employers that have benefit charges for a one-year period beginning July 1 and ending June 30. This form is a list of charges to your reserve account for UI benefits paid to claimants, when you were a base period employer. You are a base period employer if you paid wages to the claimant during the 12-month period used to establish the UI claim.

You may protest any charges on the DE 428T you think are in error. Your protest must be in writing and be received by EDD within 60 days from the mail date on the DE 428T. A 60-day extension may be granted if you can show "good cause" for protests received late. Instructions are included to tell you how to file a protest to the DE 428T.

UNEMPLOYMENT INSURANCE APPEAL RIGHTS

You have the right to file an appeal if you do not agree with a decision made by EDD about:

1. Your former employee's right to receive UI benefits; or
2. Your UI reserve account being charged for UI benefits paid to a former employee.

You must send your appeal to EDD within 20 days of the date the decision was mailed to you. If you have any questions about filing an appeal, please call the EDD UI office listed in the government section of your local telephone directory. EDD will send you an acknowledgment of receipt and registration of your appeal with an address of an Office of Appeal near you. A hearing will be scheduled with an Administrative Law Judge (ALJ). Both you and your former employee will be notified of the time and place of the hearing at least 10 days in advance. If you are filing an appeal to a *Notice of Ruling* only, the employee is not considered a party to the proceeding and is not notified of the hearing. The ALJ will conduct an informal hearing, giving both sides the opportunity to present their evidence.

If you do not agree with the ALJ's decision, you may appeal to the California Unemployment Insurance Appeals Board (CUIAB). The CUIAB and its Administrative Law Judges are not part of EDD.

STATE DISABILITY INSURANCE (SDI) NOTICE

The State Disability Insurance (SDI) program provides benefits to eligible workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non-occupational illness or injury. SDI and its administration are funded entirely by employees through wage withholdings.

When an SDI claim is filed, the employer(s) shown on the application will receive a *Notice of State Disability Claim Filed* (DE 2503). If the employer has information affecting the claimant's eligibility, the form should be completed and returned within two working days to deter disability fraud. Because SDI is a separate program from UI, the filing of a claim for SDI will not affect the employer's UI reserve account. The DE 2503 is not a basis for a ruling. The employer will not be notified of any determination as a result of the response on the DE 2503.

If you have any questions about SDI, please contact the State Disability Insurance offices listed under "Employment Development Department" in the state government section of your local telephone directory, or visit EDD's Internet website at: **www.edd.ca.gov**.

OTHER AGENCIES YOU SHOULD CONTACT

For assistance with:

1. **Federal tax requirements**, please call the Internal Revenue Service (IRS) office listed in your local telephone book under U.S. Government Offices, or visit the IRS Internet website at: **www.irs.ustreas.gov**
2. **Labor law requirements**, call the Department of Industrial Relations (DIR), Labor Standards Enforcement Division, listed in the State government section in your local telephone book, or visit the DIR Internet website at: **www.dir.ca.gov**
3. **Workers' compensation requirements**, call the DIR, Workers' Compensation Division, listed in the State government section in your local telephone book, or visit the DIR Internet website at: **www.dir.ca.gov**

DEFINITIONS OF COMMON WORDS USED BY EDD

Annual Taxpayer - Pays \$20,000 or less in wages to their employees in a calendar year and has elected to pay taxes annually. Sends wage reports to EDD quarterly. Sends year 2000 payroll taxes with an annual tax report to EDD in January 2001.

Base Period - A 12-month period beginning five to six quarters before the filing of a UI/SDI claim. The base period is determined by the effective date of the UI or SDI claim.

Cash Wages - Checks and currency paid to people who work for you.

Claimant - (1) a person who no longer works for you or who works part-time for you and has applied for Unemployment Insurance (UI) benefits; or (2) a person who has worked for you or is on your payroll now and has applied for State Disability Insurance (SDI) benefits.

Contributions - Payroll tax payments for Unemployment Insurance (UI) and Employment Training Tax (ETT).

Domestic Employee (also known as household employee) - A person hired to work for wages in or around your home.

Domestic Employer (also known as household employer) - A person who hires one or more people to work for wages in or around his or her home.

Domestic Services (also known as household services) - Work done for wages by your household employee(s).

Employment Training Tax (ETT) - A payroll tax used to fund job training for people likely to become unemployed or people who have been receiving UI benefits.

Forms - Employers use the following forms to register and report payroll taxes and employee wages to EDD:

All household employers:

- Employer of Household Workers Election Notice (DE 89) optional
- Registration form for Employers of Household Workers (DE 1 HW)
- Report of New Employee(s) (DE 34)

Annual Taxpayer:

- Annual Payroll Tax Return for Employer of Household Workers (DE 3 HW)
- Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3B HW)

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Quarterly Taxpayer:

- Annual Reconciliation Statement (DE 7)
- Payroll Tax Deposit (DE 88)
- Quarterly Wage and Withholding Report (DE 6)

Good Cause - A substantial reason that provides a legal basis for an employer's late filing of a report or payment of taxes. "Good cause" cannot exist unless there are unusual circumstances or the circumstances could not be reasonably foreseen (for example, earthquakes or floods). For more information, contact your local ETC SO (see directory on page 1).

Home - A home may be defined as:

- a house
- an apartment
- a mobile home or a boat
- a summer or winter home
- a condominium
- a local college club
- a local chapter of a college fraternity or sorority
- a hotel room (when the worker is employed by you and not by the hotel)

Household Employee (also known as domestic employee) - A person hired to work for wages in or around your home.

Household Employer (also known as domestic employer) - A person who hires one or more people to work for wages in or around his or her home.

Household Services (also known as domestic services) - Work done for wages by your household employee(s).

Non-cash Wages - Payments other than cash. For example, meals and lodging you provide to your employee(s).

Payroll Records - Information you keep regarding wages paid to each household employee.

Payroll Taxes - Unemployment Insurance (UI) taxes, Employment Training Tax (ETT), State Disability Insurance (SDI) withholding, and Personal Income Tax (PIT) withholding.

Personal Income Tax (PIT) Wages - All wages paid during the period that are subject to California State Personal Income Tax (PIT) even if no PIT was withheld. For the calendar year, the total reported "PIT wages" should match the amount reported in Box 17 (State wages, Tips, etc.) of the employee's Wage and Tax Statement, W-2.

Personal Income Tax Withholding - A payroll tax that you are not required to withhold from your household employee's wages. A household employer and employee may voluntarily agree to withhold PIT.

Quarter - A three month period in a year, as shown below:

<u>QUARTER</u>	<u>MONTHS IN A QUARTER</u>
1st quarter	January, February, March
2nd quarter	April, May, June
3rd quarter	July, August, September
4th quarter	October, November, December

Quarterly Taxpayer - Sends payroll taxes and wage reports to EDD each quarter. Sends 2000 reconciliation statement to EDD in January 2001.

Reserve Account - A record of the UI taxes paid by you and the UI benefits paid by EDD to people who no longer work for you. The balance in the account can be positive or negative and is used to set your UI tax rate.

Subject Wages - Subject wages are all payments made to an employee for personal services, whether paid by cash, check, or the reasonable value of non-cash payments, such as meals and lodging. Generally, all wages are considered subject wages regardless of the \$7,000 UI and \$46,327 SDI taxable wage limits. Subject wages are used to determine UI and SDI benefits.

State Disability Insurance Tax - A payroll tax withheld from your household employees' wages to provide benefit payments in case they are not able to work because of a non-occupational illness or injury. The two SDI tax rates for the calendar year 2000 are:

<u>Wages Paid</u>	<u>Withholding Rate</u>
January 1 – March 31	0.5% (.005)
April 1 – December 31	0.7% (.007)

Taxable Wage Limit - The highest amount of wages that you pay taxes on for each employee. The taxable wage limits for 2000 are \$46,327 for SDI and \$7,000 for UI and ETT.

Unemployment Insurance Tax - A payroll tax used to pay benefits to workers who are unemployed and qualify for UI benefits. The UI tax rate for new employers is 3.4 percent for the first three years. In following years, your tax rate will change depending on: (1) your average payroll for the previous three years, (2) how much you paid in UI taxes, and (3) how much money has been paid and charged to your UI reserve account for UI benefits for people who no longer work for you.

Wages - (1) checks and currency paid to people who work for you, and (2) non-cash payments, like meals and lodging provided to people who work for you.

Withholding - Money deducted from your employees' wages for SDI and PIT. You must send SDI and PIT withholdings to EDD.



**Gray Davis
Governor
STATE OF CALIFORNIA**

**Grantland Johnson
Secretary
HEALTH AND HUMAN SERVICES AGENCY**

**Michael Bernick
Director
EMPLOYMENT DEVELOPMENT DEPARTMENT**



State of California

P.O. Box 826880, Sacramento CA 94280-0001

OFFICIAL BUSINESS Penalty For Private Use \$300